



Mary Taylor, CPA
Auditor of State

VILLAGE OF SUNBURY
DELAWARE COUNTY

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DELAWARE COUNTY

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of Sunbury
Delaware County
9 East Granville Street
Sunbury, Ohio 43074

To the Village Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Village of Sunbury, Delaware County, Ohio (the Village), as of and for the years ended December 31, 2009 and 2008, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Village of Sunbury, Delaware County, Ohio, as of December 31, 2009 and 2008, and the respective changes in cash financial position and the respective budgetary comparisons for the General and Street Funds for the years then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 1, 2010, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

July 1, 2010

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
UNAUDITED**

This discussion and analysis of the Village of Sunbury's financial performance provides an overall review of the Village of Sunbury's financial activities for the years ended December 31, 2009 and 2008, within the limitations of the Village of Sunbury's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village of Sunbury's financial performance.

Highlights

Key highlights for 2009 were as follows:

Net assets of governmental activities decreased \$11,268 or .54 percent as compared to 2008. The primary reason was a reduction in interest income.

Net assets of business type activities decreased \$431,877 or 15.23 percent as compared to 2008. The primary reason for the decrease in cash balance was due to decreased amount of tap fees collected from a developer. (See Housing Development, page 9)

The Village had \$6,175,370 in disbursements during 2009 related to governmental activities.

Key highlights for 2008 were as follows:

Net assets of governmental activities decreased \$346,142 or 14.2 percent as compared to 2007. The primary reason for the decrease in cash balance was due to a rising cost of labor, services and material as well as increased capital expenditures and reduction in interest income.

Net assets of business type activities increased \$47,674 or 1.7 percent as compared to 2007. The primary reason for the increase in cash balance was due to the increased amount of tap fees collected from new development.

The Village had \$8,067,364 in disbursements during 2008 related to governmental activities.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Village of Sunbury's cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Village of Sunbury as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Village of Sunbury as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
UNAUDITED**

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Village of Sunbury has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Village of Sunbury's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the modified cash basis of accounting.

Reporting the Village of Sunbury as a Whole

The statement of net assets and the statement of activities reflect how the Village of Sunbury did financially during 2009 and 2008, within the limitations of cash basis accounting. The statement of net assets presents the cash balances of the governmental and business-type activities of the Village of Sunbury at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Village of Sunbury's general receipts.

These statements report the Village of Sunbury's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Village of Sunbury's financial health. Over time, increases or decreases in the Village of Sunbury's cash position is one indicator of whether the Village's financial health is improving or deteriorating. When evaluating the Village of Sunbury's financial condition, you should also consider other nonfinancial factors as well such as the Village of Sunbury's property tax base, the condition of the Village of Sunbury's capital assets and infrastructure, the extent of the Village of Sunbury's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the statement of net assets and the statement of activities, we divide the Village of Sunbury into two types of activities:

Governmental activities. Most of the Village of Sunbury's basic services are reported here, including police, highway, streets, cemetery and parks. Income tax, property taxes and state and federal grants and finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Business-type activity. The Village of Sunbury has one business-type activity, the provision of sewer. Business-type activities are financed by a fee charged to the customers receiving the service. The Village sold its water facility to Del-Co Water in 2005, but the remaining funds from the water utility are included in the business type activities.

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
UNAUDITED**

Reporting the Village of Sunbury's Most Significant Funds

Fund financial statements provide detailed information about the Village of Sunbury's major funds – not the Village of Sunbury as a whole. The Village of Sunbury establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Village of Sunbury are split into three categories: governmental, proprietary and fiduciary.

Governmental Funds - Most of the Village of Sunbury's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village of Sunbury's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Village of Sunbury's major governmental funds are the General Fund, Street Fund, Sunbury Mills Plaza TIF Fund and Capital Projects Fund (2009 only). The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

Proprietary Funds – When the Village of Sunbury charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Village of Sunbury has two major enterprise funds, the water fund and the sewer fund.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the Village of Sunbury. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Village of Sunbury's programs.

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
UNAUDITED**

The Village of Sunbury as a Whole

Table 1 provides a summary of the Village of Sunbury's net assets for 2009 compared to 2008 and 2007 on a modified cash basis:

(Table 1)

Net Assets

	Governmental Activities			Business-Type Activities		
	2009	2008	2007	2009	2008	2007
Assets						
Cash and Cash Equivalents	\$2,083,702	\$2,094,970	\$2,441,112	\$2,404,697	\$2,836,584	\$2,788,910
Total Assets	\$2,083,702	\$2,094,970	\$2,441,112	\$2,404,697	\$2,836,584	\$2,788,910
Net Assets						
Restricted for:						
Capital Outlay	\$266,886	\$486,975	\$830	\$0	\$0	\$0
Other Purposes	688,778	632,532	396,115	0	0	0
Unrestricted	1,128,038	975,463	2,044,167	2,404,697	2,836,584	2,788,910
Total Net Assets	\$2,083,702	\$2,094,970	\$2,441,112	\$2,404,697	\$2,836,584	\$2,788,910

Table 2 reflects the changes in net assets on a cash basis in 2009 and 2008 for governmental activities, business-type activities and total primary government.

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
UNAUDITED**

(Table 2)						
Changes in Net Assets	Governmental Activities			Business Activities		
	2009	2008	2007	2009	2008	2007
Receipts:						
Program Receipts:						
Charges for Services and Sales	\$423,052	\$415,188	\$416,065	\$715,867	\$1,218,236	\$1,163,264
Operating Grants and Contributions	\$253,491	\$242,671	\$216,065			
Capital Grants and Contributions	\$324,932	\$228,730	\$0			
Total Program Receipts	\$1,001,475	\$886,589	\$632,130	\$715,867	\$1,218,236	\$1,163,264
General Receipts:						
Property and Other Local Taxes	325,107	291,033	302,459			
Income Taxes	1,625,056	1,753,603	1,689,851			
Unrestricted grants	149,897	175,291	245,202			
Payments in Lieu of Taxes		1,604,912				
Bonds Issued	130,000	162,000				
Notes Issued	2,794,000	2,659,000	2,575,000	516,000	541,000	604,000
Premium on Debt Issue	19,922			3,679		
Interest	13,621	142,351	263,621			
Miscellaneous	42,646	46,443	47,565			
Total General Receipts	5,100,249	6,834,633	5,123,698	519,679	541,000	604,000
Total Receipts	\$6,101,724	\$7,721,222	\$5,755,828	\$1,235,546	\$1,759,236	\$1,767,264
Disbursements:						
General Government	595,962	726,189	654,228			
Security of Persons and Property:	1,043,563	1,121,668	1,050,719			
Public Health Services	12,252	23,785	17,815			
Leisure Time Activities	13,282	18,054	14,778			
Community Environment	150,091	148,703	186,426			
Transportation	434,450	550,431	515,264			
Miscellaneous	1,862	88	4,761			
Capital Outlay	1,185,772	2,742,333	448,750			
Debt Service	2,738,136	2,736,113	2,446,152			
Water						
Sewer				1,605,029	1,711,562	1,479,601
Enterprise Deposit Fund				26	0	24
Total Disbursements	6,175,370	8,067,364	5,338,893	1,605,055	1,711,562	1,479,625
Excess (Deficiency) Before Transfers						
Transfers	62,378			(62,378)		
Increase (Decrease) in Net Assets	(11,268)	(346,142)	416,935	(431,887)	47,674	287,639
Net Assets, Beginning of Year						
Yesar	2,094,970	2,441,112	2,024,177	2,836,584	2,788,910	2,501,271
Net Assets, End of Year	\$ 2,083,702	\$ 2,094,970	\$ 2,441,112	\$ 2,404,697	\$ 2,836,584	\$ 2,788,910

In 2009, 83.59 percent and in 2008 88.52 percent of the Village's total receipts were from general receipts, consisting mainly of local tax, income tax, and notes issued. Program receipts accounted for 16.41 percent of total receipts in 2009 and 11.48 percent in 2008. These receipts consist primarily of restricted intergovernmental receipts such as motor vehicle license and gas tax, building permits, inspection fees, sewer user fees, and charges to a nearby government for police services provided under contract.

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
UNAUDITED**

Governmental Activities

If you look at the Statement of Activities for 2009 and 2008 you will see that the first column lists the major disbursements of the Village. In 2009 the major program disbursements for governmental activities were: capital outlay, debt service and security of persons and property, which each accounted for 19.20, 44.34 and 16.90 percent of all governmental disbursements, respectively. In 2008, the major program disbursements for governmental activities were: debt service, capital outlay and security of persons and property, which each accounted for 33.92 percent, 33.99 percent and 13.90% of all governmental disbursements, respectively. The next two columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants and contributions received by the Village that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local townships and municipalities, taxpayers, state subsidies, and cash balances of grant and fee programs. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

Governmental Activities Table 3

	Total Cost	Net Cost	Total Cost	Net Cost
	of Services	of Services	of Services	of Services
	2009	2009	2008	2008
General Government	\$595,962	(\$525,515)	\$726,189	(\$677,965)
Security of Persons and Property	\$1,043,563	(\$967,563)	\$1,121,668	(\$1,047,918)
Public Health Services	12,252	44,233	23,785	41,132
Leisure Time Activities	13,282	(13,282)	18,054	(18,054)
Community Environment	150,091	99,755	148,703	115,730
Transportation	434,450	(241,787)	550,431	(355,460)
Misc.	1,862	(1,862)	88	(88)
Capital Outlay	1,185,772	(829,738)	2,742,333	(2,502,039)
Debt Service	2,738,136	(2,738,136)	2,736,113	(2,736,113)
Total Expenses	\$6,175,370	(\$5,173,895)	\$8,067,364	(\$7,180,775)

In 2009, approximately 83.78 percent and in 2008 approximately 89.01 percent of total costs are supported through property taxes, unrestricted grants, and other general receipts.

Business-type Activities

(Table 3)

Business Activities

	Total Cost	Net Cost	Total Cost	Net Cost
	of Services	of Services	of Services	of Services
	2009	2009	2008	2008
Water	\$0	\$31	\$0	\$0
Sewer	\$1,605,029	(\$889,188)	\$1,711,562	(\$493,326)
Enterprise Deposit Fund	26	(26)	0	0
Total Expenses	\$1,605,055	(\$889,183)	\$1,711,562	(\$493,326)

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
UNAUDITED**

In 2009 and 2008, 55.4 percent and 28.82 percent of costs related to business type activities are covered by debt proceeds.

The Village of Sunbury's Funds

In 2009, the General Fund had receipts of \$4,313,458 and disbursements of \$4,160,883. The fund balance increased due to a reduction of expenses which more than offset the reduction in income for the year.

In 2008, the General Fund had receipts of \$4,670,290 and disbursements of \$5,739,290. The fund balance of the General Fund decreased \$1,069,000 due to accelerated debt payments and transfers to other governmental funds of \$235,299.

General Fund Budgeting Highlights

The Village of Sunbury's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During both 2009 and 2008, the Village amended its General Fund budget several times to reflect changing circumstances. In both years, final budgeted receipts were below original budgeted receipts due to diminishing income tax revenues, intergovernmental receipts, and interest. Many expenses originally budgeted in the General Fund were transferred to other special revenue funds for accounting purposes after preparation of the original budget resulting in significantly reduced expenses in the General Fund, particularly Capital Outlay, in 2008. Expenses in 2009 were tightly controlled, overtime eliminated, and positions not filled in order to counter the negative impact on revenues due to the recession in 2009.

Capital Assets and Debt Administration

Capital Assets

The Village does not currently keep track of its capital assets and infrastructure.

Debt

At December 31, 2009, the Village of Sunbury's outstanding debt included \$25,650 to OPWC for improvements to sewer plant; \$7,229,661 in an OWDA loan for the construction of a new sanitary sewer plant and prior loans; \$161,000 in a G.O. Bonds which was used for the Showa TIF/Kintner Parkway project which will be repaid by revenue from special assessments; \$130,000 in G. O. Bonds which was used to finance the purchase of cemetery land to be used for a driveway into the cemetery; and \$3,310,000 in a promissory note to be used for various governmental and business type activities.

At December 31, 2008, the Village of Sunbury's outstanding debt included \$29,925 to OPWC for improvements to sewer plant; \$7,411,209 in an OWDA loan for the construction of a new sanitary sewer plant and prior loans; and \$162,000 in a G.O. Bonds which was used for the Showa TIF/Kintner Parkway project which will be repaid by revenue from special assessments and \$3,200,000 in a promissory note to be used for various governmental and business type activities.

For further information regarding the Village's debt, refer to Note 11 to the basic financial statements.

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
UNAUDITED**

Current Issues

Retail Development

In 2009, the Village purchased for \$140,000 right of way land to be used for a rear driveway into the village cemetery. A bond for \$130,000 was issued to the seller to pay for the land and proceeds from the Druggan fund will be utilized to pay off the bond and construct the driveway

In 2007, the Village passed legislation authorizing the execution of a development agreement regarding financing of off-site public infrastructure improvements for the proposed Sunbury Mills Plaza Shopping Center that will be bounded by Miller Drive, Route 3 and Route 36/37. This proposed development will include a Kroger Store and related Gas Station which are scheduled to be completed in Fall of 2008 and several out parcels. The Kroger portion of the development is about a \$13,000,000 project and the out parcels, which will follow in the subsequent years, will make up an additional \$17,000,000. The Offsite improvements will cost an estimated \$2,550,000 and be financed from the following sources:

County Contribution	\$500,000
Developer Contribution	\$650,000
Kroger Contribution	\$650,000
Village Contribution*	\$1,000,000*

*Projected Debt Issue, which will be paid for by Village TIF

The projected was nearing completion at the end of 2009 with the exception of minor details which will be completed in Spring of 2010.

Housing Development

In 2004, in anticipation of significant future housing construction similar to what was occurring in the rest of Delaware County, the Village committed to construction of a new \$7,500,000 Sewer Plant and related financing which would be paid back over 30 years that would meet the needs of this expansion.

A major developer is contractually committed to purchasing 763 sewer tap fees at a rate of 75 taps per year for 10 years and the remainder in the 11th year. Initial price of each tap was \$5630 with a provision in the contract allowing for price changes after the third anniversary as established by ordinance for all similar sanitary sewer tap users in the Village. It was anticipated that, between this developer and others that were talking about and planning new developments, tap fees would be adequate to service the debt. The developer has paid for the first 300 tap fees (2005 thru 2008). In 2009, the developer asked the Village to lengthen the period of time over which it would pay for its 763 taps due to the recent recession. The developer did not pay for 75 taps in 2009 which totaled \$434,925 at the new rate of \$5799 per tap. Negotiations are ongoing with the developer at this time.

New Housing Permits in the Village have been as follows:

2005	2006	2007	2008	2009	2010(Thru February)
30	19	17	26	37	9

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
UNAUDITED**

Contacting the Village of Sunbury's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village's finances and to reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Kathy Belcher, Fiscal Officer, Ohio Village of Sunbury, P O Box 508, 9 East Granville St., Village of Sunbury, Ohio 43074

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**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2009**

	Governmental Activities	Business - Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 2,083,702	\$ 2,404,697	\$ 4,488,399
<i>Total Assets</i>	<u>2,083,702</u>	<u>2,404,697</u>	<u>4,488,399</u>
Net Assets			
Restricted for:			
Capital Projects	266,886		266,886
Other Purposes	688,778		688,778
Unrestricted	<u>1,128,038</u>	<u>2,404,697</u>	<u>3,532,735</u>
<i>Total Net Assets</i>	<u>\$ 2,083,702</u>	<u>\$ 2,404,697</u>	<u>\$ 4,488,399</u>

See accompanying notes to the basic financial statements

VILLAGE OF SUNBURY
DELAWARE COUNTY

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets		
	Cash	Charges for Services	Operating Grants	Capital Grants	Governmental	Business Type	Total
	Disbursements	and Sales	& Contributions	& Contributions	Activities	Activities	
Governmental Activities							
General Government	\$ 595,962	\$ 70,447			\$ (525,515)		\$ (525,515)
Security of Persons and Property	1,043,563	76,000			(967,563)		(967,563)
Public Health Services	12,252	26,759	29,726		44,233		44,233
Leisure Time Activities	13,282	-			(13,282)		(13,282)
Community Environment	150,091	249,846			99,755		99,755
Transportation	434,450		192,663		(241,787)		(241,787)
Misc	1,862				(1,862)		(1,862)
Capital Outlay	1,185,772		31,102	324,932	(829,738)		(829,738)
Debt Service	2,738,136				(2,738,136)		(2,738,136)
Total Governmental Activities	6,175,370	423,052	253,491	324,932	(5,173,895)	-	(5,173,895)
Business Type Activity							
Water	-	31				31	31
Sewer	1,605,029	715,836				(889,193)	(889,193)
Other Enterprise	26					(26)	(26)
Total Business-Type Activity	1,605,055	715,867	-	-	-	(889,188)	(889,188)
Total	\$ 7,780,425	\$ 1,854,786	\$ 253,491	\$ 324,932	(5,173,895)	(889,188)	(6,063,083)
		General Receipts					
		Property Taxes Levied for:					
		General Purposes			325,107	-	325,107
		Municipal Income Taxes			1,625,056	-	1,625,056
		Grants not restricted to Specific Programs			149,897		149,897
		Bonds Issued			130,000	-	130,000
		Notes Issued			2,794,000	516,000	3,310,000
		Premium on Debt Issue			19,922	3,679	23,601
		Interest			13,621	-	13,621
		Miscellaneous			42,646	-	42,646
		Total General Receipts			5,100,249	519,679	5,619,928
		Transfers			62,378	(62,378)	-
		Total General Receipts and Transfers			5,162,627	457,301	5,619,928
		Change in Net Assets			(11,268)	(431,887)	(443,155)
		<i>Net Assets Beginning of Year</i>			<u>2,094,970</u>	<u>2,836,584</u>	<u>4,931,554</u>
		<i>Net Assets End of Year</i>			<u>\$ 2,083,702</u>	<u>\$ 2,404,697</u>	<u>\$ 4,488,399</u>

See accompanying notes to the basic financial statements

VILLAGE OF SUNBURY
DELAWARE COUNTY

STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2009

	General Fund	Street Fund	Sunbury Mills TIF Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$ 1,128,038	\$ 243,436	\$ 150,255	\$ 115,482	\$ 446,491	\$ 2,083,702
<i>Total Assets</i>	<u>1,128,038</u>	<u>243,436</u>	<u>150,255</u>	<u>115,482</u>	<u>446,491</u>	<u>2,083,702</u>
Fund Balances						
Reserved:						
Reserved for Encumbrances	22,853	-	143,606	-	14,346	180,805
Unreserved						
General Fund	1,105,185					1,105,185
Special Revenue Funds		243,436			430,996	674,432
Capital Projects			6,649	115,482	1,149	123,280
<i>Total Fund Balances</i>	<u>\$ 1,128,038</u>	<u>\$ 243,436</u>	<u>\$ 150,255</u>	<u>\$ 115,482</u>	<u>\$ 446,491</u>	<u>\$ 2,083,702</u>

See accompanying notes to the basic financial statements

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009**

	General	Street Fund	Sunbury Mills TIF Fund	Capital Projects Fund	Other Governmental FundS	Total Governmental Funds
Receipts						
Municipal Income Taxes	\$ 1,625,056	\$ -	\$ -	\$ -	\$ -	\$ 1,625,056
Property and Other Local Taxes	325,107					325,107
Charges for Services	76,000				57,806	133,806
Fines, Licenses and Permits	280,158				5,410	285,568
Public Health					29,726	29,726
Intergovernmental	153,574	178,201		324,932	45,565	702,272
Interest	11,528	823			1,270	13,621
Miscellaneous	33,646	-			9,000	42,646
<i>Total Receipts</i>	<u>2,505,069</u>	<u>179,024</u>	<u>-</u>	<u>324,932</u>	<u>148,777</u>	<u>3,157,802</u>
Disbursements						
Current:						
General Government	595,962					595,962
Security of Persons and Property	1,043,563					1,043,563
Public Health Services	-				12,252	12,252
Leisure Time Activities	-				13,282	13,282
Community Environment	150,091					150,091
Transportation	434,450					434,450
Miscellaneous					1,862	1,862
Capital Outlay	220,085	19,644	342,540	444,310	159,193	1,185,772
Debt Service:						
Principal Retirement	1,641,000		750,000		269,000	2,660,000
Interest and Fiscal Charges	52,732		18,698		6,706	78,136
<i>Total Disbursements</i>	<u>4,137,883</u>	<u>19,644</u>	<u>1,111,238</u>	<u>444,310</u>	<u>462,295</u>	<u>6,175,370</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(1,632,814)</u>	<u>159,380</u>	<u>(1,111,238)</u>	<u>(119,378)</u>	<u>(313,518)</u>	<u>(3,017,568)</u>
Other Financing Sources (Uses)						
Bonds Issued	-				130,000	130,000
Notes Issued	1,782,500		750,000		261,500	2,794,000
Premium (Discount) on Debt Issue	12,709		5,348		1,865	19,922
Transfers In	13,180		20,000	234,030	3,000	270,210
Transfers Out	(23,000)	(153,730)			(31,102)	(207,832)
<i>Total Other Financing Sources (Uses)</i>	<u>1,785,389</u>	<u>(153,730)</u>	<u>775,348</u>	<u>234,030</u>	<u>365,263</u>	<u>3,006,300</u>
<i>Net Change in Fund Balances</i>	152,575	5,650	(335,890)	114,652	51,745	(11,268)
<i>Fund Balances Beginning of Year</i>	975,463	237,786	486,145	830	394,746	2,094,970
<i>Fund Balances End of Year</i>	<u>\$ 1,128,038</u>	<u>\$ 243,436</u>	<u>\$ 150,255</u>	<u>\$ 115,482</u>	<u>\$ 446,491</u>	<u>\$ 2,083,702</u>

See accompanying notes to the basic financial statements

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Budgeted Amounts		
	Original	Final	Actual
Receipts			
Municipal Income Taxes	\$ 1,625,000	\$ 1,625,000	\$ 1,625,056
Property and Other Local Taxes	279,774	292,560	325,107
Charges for Services	76,000	76,000	76,000
Fines, Licenses and Permits	236,000	279,000	280,158
Intergovernmental	170,351	157,566	153,574
Interest	100,000	40,000	11,528
Miscellaneous	20,000	20,000	33,646
<i>Total receipts</i>	<u>2,507,125</u>	<u>2,490,126</u>	<u>2,505,069</u>
Disbursements			
Current:			
General Government	844,153	822,420	602,871
Security of Persons and Property	1,308,977	1,335,726	1,043,799
Community Environment	155,778	204,734	158,580
Transportation	626,914	622,983	439,808
Capital Outlay	527,038	288,586	221,946
Debt Service:			
Principal Retirement	1,641,000	1,641,000	1,641,000
Interest and Fiscal Charges	53,000	53,010	52,732
<i>Total Disbursements</i>	<u>5,156,860</u>	<u>4,968,459</u>	<u>4,160,736</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(2,649,735)</u>	<u>(2,478,333)</u>	<u>(1,655,667)</u>
Other Financing Sources (Uses)			
Notes Issued	1,782,500	1,782,500	1,782,500
Premium on Note Issue	-	-	12,709
Transfers In	-	17,000	13,180
Transfer out	(71,000)	(71,000)	(23,000)
<i>Total Other Financing Sources (Uses)</i>	<u>1,711,500</u>	<u>1,728,500</u>	<u>1,785,389</u>
<i>Net Change in Fund Balance</i>	(938,235)	(749,833)	129,722
<i>Fund Balance Beginning of Year</i>	749,878	749,878	749,878
Prior Year Encumbrances Appropriated	225,585	225,585	225,585
<i>Fund Balance End of Year</i>	<u>\$ 37,228</u>	<u>\$ 225,630</u>	<u>\$ 1,105,185</u>

See accompanying notes to the basic financial statements

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
STREET FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Budgeted Amounts		
	Original	Final	Actual
Receipts			
Intergovernmental	\$ 176,760	\$ 176,760	\$ 178,201
Interest	2,800	2,800	823
<i>Total receipts</i>	<u>179,560</u>	<u>179,560</u>	<u>179,024</u>
Disbursements			
Capital Outlay	255,260	100,700	19,644
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(75,700)</u>	<u>78,860</u>	<u>159,380</u>
Other Financing Sources/(Uses)			
Transfers In	48,000	-	-
		(153,730)	(153,730)
Total Other Financing Sources/Uses	<u>48,000</u>	<u>(153,730)</u>	<u>(153,730)</u>
<i>Net Change in Fund Balance</i>	(27,700)	(74,870)	5,650
<i>Fund Balance Beginning of Year</i>	137,086	137,086	137,086
Prior Year Encumbrances Appropriated	<u>100,700</u>	<u>100,700</u>	<u>100,700</u>
<i>Fund Balance End of Year</i>	<u>\$ 210,086</u>	<u>\$ 162,916</u>	<u>\$ 243,436</u>

See accompanying notes to the basic financial statements

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**STATEMENT OF FUND NET ASSETS - CASH BASIS
PROPRIETARY FUNDS
DECEMBER 31, 2009**

	Business-Type Activities			Total Enterprise Funds
	Water Enterprise Fund	Sewer Enterprise Fund	Other Enterprise Fund	
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 460,269	\$ 1,911,677	\$ 32,751	\$ 2,404,697
<i>Total Assets</i>	<u>460,269</u>	<u>1,911,677</u>	<u>32,751</u>	<u>2,404,697</u>
Net Assets				
Unrestricted	460,269	1,911,677	32,751	2,404,697
<i>Total Net Assets</i>	<u>\$ 460,269</u>	<u>\$ 1,911,677</u>	<u>\$ 32,751</u>	<u>\$ 2,404,697</u>

See accompanying notes to the basic financial statements

VILLAGE OF SUNBURY
DELAWARE COUNTY

STATEMENT OF CASH RECEIPTS,
DISBURSEMENTS AND CHANGES IN FUND NET ASSETS - CASH BASIS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009

	Business-Type Activities			Total Enterprise Funds
	Water Enterprise Fund	Sewer Enterprise Funds	Other Enterprise Fund	
Operating Receipts				
Charges for Services	\$ 31	\$ 715,836	\$ -	\$ 715,867
<i>Total Operating Receipts</i>	<u>31</u>	<u>715,836</u>	<u>-</u>	<u>715,867</u>
Operating Disbursements				
Purchased Services		121,490	-	121,490
Personal Services		191,119		191,119
Fringe Benefits		85,723		85,723
Contractual Services		149,424		149,424
Materials and Supplies		3,200		3,200
Other			26	26
<i>Total Operating Disbursements</i>	<u>-</u>	<u>550,956</u>	<u>26</u>	<u>550,982</u>
<i>Operating Income (Loss)</i>	31	164,880	(26)	164,885
Non-Operating Receipts (Disbursements)				
Note Sale		516,000		516,000
Note Premium		3,679		3,679
Debt Retirement		(711,493)		(711,493)
Interest on Debt		(323,504)		(323,504)
Transfers-In		17,922		17,922
Transfers-Out		(80,300)		(80,300)
Capital Outlay		(19,076)		(19,076)
Total Non - Operating Receipts (Expenditure)		(596,772)	-	(596,772)
<i>Changes in Net Assets</i>	31	(431,892)	(26)	(431,887)
<i>Net Assets Beginning of Year</i>	<u>\$ 460,238</u>	<u>\$ 2,343,569</u>	<u>\$ 32,777</u>	<u>\$ 2,836,584</u>
<i>Net Assets End of Year</i>	<u>\$ 460,269</u>	<u>\$ 1,911,677</u>	<u>\$ 32,751</u>	<u>\$ 2,404,697</u>

See accompanying notes to the basic financial statements

VILLAGE OF SUNBURY
DELAWARE COUNTY

STATEMENT OF FIDUCIARY NET ASSETS - CASH BASIS
FIDUCIARY FUND
DECEMBER 31, 2009

	Private Purpose Trust Fund
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 7,542
Net Assets	
Restricted by Donor	\$ 7,542

See accompanying notes to the basic financial statements

VILLAGE OF SUNBURY
DELAWARE COUNTY

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS - CASH BASIS
FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Private Purpose Trust Fund</u>
Changes in Net Assets	\$ -
Net Assets - Beginning of Year	<u>7,542</u>
Net Assets - End of Year	<u>\$ 7,542</u>

See accompanying notes to the basic financial statements

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2008**

	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 2,094,970	\$ 2,836,584	\$ 4,931,554
<i>Total Assets</i>	<u>2,094,970</u>	<u>2,836,584</u>	<u>4,931,554</u>
Net Assets			
Restricted for:			
Capital Projects	486,975		486,975
Other Purposes	632,532		632,532
Unrestricted	<u>975,463</u>	<u>2,836,584</u>	<u>3,812,047</u>
<i>Total Net Assets</i>	<u>\$ 2,094,970</u>	<u>\$ 2,836,584</u>	<u>\$ 4,931,554</u>

See accompanying notes to the basic financial statements

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2008**

	General Fund	Street Fund	Sunbury Mills TIF Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 975,463	\$ 237,786	\$ 486,145	\$ 395,576	\$ 2,094,970
<i>Total Assets</i>	<u>975,463</u>	<u>237,786</u>	<u>486,145</u>	<u>395,576</u>	<u>2,094,970</u>
Fund Balances					
Reserved:					
Reserved for Encumbrances	225,585	100,700	486,145	4,545	816,975
Unreserved					
General Fund	749,878				749,878
Special Revenue Funds		137,086		390,201	527,287
Capital Project Funds				830	830
<i>Total Fund Balances</i>	<u>\$ 975,463</u>	<u>\$ 237,786</u>	<u>\$ 486,145</u>	<u>\$ 395,576</u>	<u>\$ 2,094,970</u>

See accompanying notes to the basic financial statements

VILLAGE OF SUNBURY
DELAWARE COUNTY

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

	General	Street Fund	Sunbury Mills TIF Fund	Other Governmental Funds	Total Governmental Funds
Receipts					
Municipal Income Taxes	\$ 1,753,603	\$ -	\$ -	\$ -	\$ 1,753,603
Property and Other Local Taxes	291,033				291,033
Charges for Services	73,750			60,508	134,258
Fines, Licenses and Permits	273,146				273,146
Public Health				36,136	36,136
Intergovernmental	194,639	180,348		243,353	618,340
Payments in Lieu of Taxes			1,604,912		1,604,912
Interest	135,684	4,096		2,571	142,351
Miscellaneous	42,435			4,008	46,443
<i>Total Receipts</i>	<u>2,764,290</u>	<u>184,444</u>	<u>1,604,912</u>	<u>346,576</u>	<u>4,900,222</u>
Disbursements					
Current:					
General Government	726,189				726,189
Security of Persons and Property	1,121,668				1,121,668
Public Health Services				23,785	23,785
Leisure Time Activities				18,054	18,054
Community Environment	148,703				148,703
Transportation	547,931			2,500	550,431
Miscellaneous				88	88
Capital Outlay	418,532	180,030	1,868,767	275,004	2,742,333
Debt Service:					
Principal Retirement	2,462,800			189,000	2,651,800
Interest and Fiscal Charges	78,168			6,145	84,313
<i>Total Disbursements</i>	<u>5,503,991</u>	<u>180,030</u>	<u>1,868,767</u>	<u>514,576</u>	<u>8,067,364</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(2,739,701)</u>	<u>4,414</u>	<u>(263,855)</u>	<u>(168,000)</u>	<u>(3,167,142)</u>
Other Financing Sources (Uses)					
Bonds Issued	162,000				162,000
Notes Issued	1,744,000		750,000	165,000	2,659,000
Transfers In		156,000		79,299	235,299
Transfers Out	(235,299)				(235,299)
<i>Total Other Financing Sources (Uses)</i>	<u>1,670,701</u>	<u>156,000</u>	<u>750,000</u>	<u>244,299</u>	<u>2,821,000</u>
<i>Net Change in Fund Balances</i>	<u>(1,069,000)</u>	<u>160,414</u>	<u>486,145</u>	<u>76,299</u>	<u>(346,142)</u>
<i>Fund Balances Beginning of Year</i>	<u>2,044,463</u>	<u>77,372</u>	<u>-</u>	<u>319,277</u>	<u>2,441,112</u>
<i>Fund Balances End of Year</i>	<u>\$ 975,463</u>	<u>\$ 237,786</u>	<u>\$ 486,145</u>	<u>\$ 395,576</u>	<u>\$ 2,094,970</u>

See accompanying notes to the basic financial statements

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Budgeted Amounts		Actual
	Original	Final	
Receipts			
Municipal Income Taxes	\$ 1,820,000	\$ 1,770,000	\$ 1,753,603
Property and Other Local Taxes	314,566	314,566	291,033
Charges for Services	73,000	73,000	73,750
Fines, Licenses and Permits	450,923	417,124	273,146
Intergovernmental	160,566	184,701	194,639
Interest	184,500	154,500	135,684
Miscellaneous	34,000	22,436	42,435
<i>Total receipts</i>	<u>3,037,555</u>	<u>2,936,327</u>	<u>2,764,290</u>
Disbursements			
Current:			
General Government	838,025	901,015	736,017
Security of Persons and Property	1,177,064	1,264,644	1,124,421
Community Environment	237,765	254,765	151,333
Transportation	618,877	642,385	552,601
Capital Outlay	3,104,584	807,714	624,236
Debt Service:			
Principal Retirement	2,462,800	2,462,800	2,462,800
Interest and Fiscal Charges	91,458	81,751	78,168
<i>Total Disbursements</i>	<u>8,530,573</u>	<u>6,415,073</u>	<u>5,729,576</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(5,493,018)</u>	<u>(3,478,746)</u>	<u>(2,965,286)</u>
Other Financing Sources (Uses)			
Bonds Issued	-	-	162,000
Notes Issued	2,690,000	2,656,000	1,744,000
Transfer out	(156,000)	(986,000)	(235,299)
Other Financing Sources	1,800,000	-	-
<i>Total Other Financing Sources (Uses)</i>	<u>4,334,000</u>	<u>1,670,000</u>	<u>1,670,701</u>
<i>Net Change in Fund Balance</i>	(1,159,018)	(1,808,746)	(1,294,585)
<i>Fund Balance Beginning of Year</i>	1,662,607	1,662,607	1,662,607
Prior Year Encumbrances Appropriated	381,886	381,886	381,856
<i>Fund Balance End of Year</i>	<u>\$ 885,475</u>	<u>\$ 235,746</u>	<u>\$ 749,878</u>

See accompanying notes to the basic financial statements

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES
IN FUND BALANCE- BUDGET AND ACTUAL- BUDGET BASIS
STREET FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Budgeted Amounts		Actual
	Original	Final	
Receipts			
Intergovernmental	\$ 190,000	\$ 190,000	\$ 180,348
Interest	-	-	4,096
<i>Total receipts</i>	<u>190,000</u>	<u>190,000</u>	<u>184,444</u>
Disbursements			
Capital Outlay	<u>318,270</u>	<u>318,270</u>	<u>280,730</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(128,270)</u>	<u>(128,270)</u>	<u>(96,286)</u>
Other Financing Sources (Uses)			
Transfers In	<u>156,000</u>	<u>156,000</u>	<u>156,000</u>
<i>Net Change in Fund Balance</i>	27,730	27,730	59,714
<i>Fund Balance Beginning of Year</i>	70,372	70,372	70,372
Prior Year Encumbrances Appropriated	<u>7,000</u>	<u>7,000</u>	<u>7,000</u>
<i>Fund Balance End of Year</i>	<u>\$ 105,102</u>	<u>\$ 105,102</u>	<u>\$ 137,086</u>

See accompanying notes to the basic financial statements

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**STATEMENT OF NET ASSETS-CASH BASIS
PROPRIETARY FUNDS
DECEMBER 31, 2008**

	Business-Type Activities			Total Enterprise Funds
	Water Enterprise Fund	Sewer Enterprise Fund	Other Enterprise Fund	
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 460,238	\$ 2,343,569	\$ 32,777	\$ 2,836,584
<i>Total Assets</i>	<u>460,238</u>	<u>2,343,569</u>	<u>32,777</u>	<u>2,836,584</u>
Net Assets				
Unrestricted	460,238	2,343,569	32,777	2,836,584
<i>Total Net Assets</i>	<u>\$ 460,238</u>	<u>\$ 2,343,569</u>	<u>\$ 32,777</u>	<u>\$ 2,836,584</u>

See accompanying notes to the basic financial statements

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**STATEMENT OF CASH RECEIPTS
DISBURSEMENTS AND CHANGES IN FUND NET ASSETS- CASH BASIS
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Business-Type Activities			Total Enterprise Funds
	Water Enterprise Fund	Sewer Enterprise Funds	Other Enterprise Fund	
Operating Receipts				
Charges for Services	\$ -	\$ 1,218,236	\$ -	\$ 1,218,236
Operating Disbursements				
Purchased Services		137,622		137,622
Personal Services		192,352		192,352
Fringe Benefits		93,356		93,356
Contractual Services		147,255		147,255
Materials and Supplies		3,720		3,720
<i>Total Operating Disbursements</i>	-	574,305	-	574,305
<i>Operating Income (Loss)</i>	-	643,931	-	643,931
Non-Operating Receipts (Disbursements)				
Note Sale		541,000		541,000
Debt Retirement		(768,996)		(768,996)
Interest on Debt		(344,807)		(344,807)
Capital Outlay		(23,454)		(23,454)
Total Non - Operating Receipts (Expenditure)	-	(596,257)	-	(596,257)
<i>Change in Net Assets</i>	-	47,674	-	47,674
<i>Net Assets Beginning of Year</i>	460,238	2,295,895	32,777	2,788,910
<i>Net Assets End of Year</i>	<u>\$ 460,238</u>	<u>\$ 2,343,569</u>	<u>\$ 32,777</u>	<u>\$ 2,836,584</u>

See accompanying notes to the basic financial statements

VILLAGE OF SUNBURY
DELAWARE COUNTY

STATEMENT OF FIDUCIARY NET ASSETS-CASH BASIS
FIDUCIARY FUND
DECEMBER 31, 2008

	Private Purpose Trust Fund	
Assets		
Equity in Pooled Cash and Cash Equivalents	\$	7,542
<i>Total Assets</i>		<u>7,542</u>
Net Assets		
Unrestricted	\$	<u>7,542</u>

See accompanying notes to the basic financial statements

VILLAGE OF SUNBURY
DELAWARE COUNTY

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS- CASH BASIS
FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2008

	Private Purpose Trust Fund
Changes in Net Assets	\$ -
Net Assets - Beginning of Year	<u>7,542</u>
Net Assets - End of Year	<u>\$ 7,542</u>

See Accompanying notes to the basic financial statements

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

Note 1 – Reporting Entity

The Village of Sunbury, Delaware County, Ohio (the Village), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a six-member Council elected at large for four year terms. The Mayor is elected to a four-year term and votes only to break a tie.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Village. The Village provides general government services, and sewer utilities, maintenance of Village roads and bridges, park operations, and police services.

B. Component Units

Component units are legally separate organizations for which the Village is financially accountable. The Village is financially accountable for an organization if the Village appoints a voting majority of the organization's governing board and (1) the Village is able to significantly influence the programs or services performed or provided by the organization; or (2) the Village is legally entitled to or can otherwise access the organization's resources; the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Village is obligated for the debt of the organization. The Village is also financially accountable for any organizations that are fiscally dependent on the Village in that the Village approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Village, are accessible to the Village and are significant in amount to the Village.

The Village does not have any component units.

C. Joint Ventures

A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. Under the cash basis of accounting, the Village does not report assets for equity interests in joint ventures.

The Village participates in a joint venture and a jointly governed organization. Notes 13 and 14 to the financial statements provides additional information for these entities.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
(Continued)**

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Village does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. Following are the more significant of the Village's accounting policies.

A. Basis of Presentation

The Village's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" receipts and disbursements. The statements distinguish between those activities of the Village that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net assets presents the cash balance of the governmental and business – type activities of the Village at year end. The statement of activities compares disbursements with program receipts for each of the Village's governmental and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on a cash basis or draws from the Village's general receipts.

Fund Financial Statements

During the year, the Village segregates transactions related to certain Village functions or activities in separate funds to aid financial management and to demonstrate legal compliance.

Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The proprietary fund statements report all other receipts and disbursements as nonoperating.

B. Fund Accounting

The Village uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Village are divided into three categories, governmental, proprietary and fiduciary.

Governmental Funds

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Village's only major governmental funds are the General Fund, the Sunbury Mills Plaza TIF Fund, the Street Fund, and the Capital Projects Fund.

General Fund: Used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Sunbury Mills Plaza TIF Fund: This Tax Increment Financing (TIF) Fund accounts for project receipts and disbursements and subsequent TIF accounting through the life of this TIF.

Street Fund: This fund received gasoline tax and motor vehicle license tax money for constructing, maintaining, and repairing the Village streets.

Capital Projects Fund: This fund receives Ohio Public Works Commission grants for constructing, maintaining, and repairing the Village streets and sewer system.

All other governmental funds of the Village account for grants and other resources whose use is restricted to a particular purpose.

Proprietary Funds

The Village classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as either enterprise or internal service.

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Village's major enterprise funds are the water and the sewer funds.

Sewer Fund - The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

B. Fund Accounting (Continued)

Water Fund - The water fund consists of the remainder of funds in a fund that previously account for the provision of water to the citizens of Sunbury. As of September 2005, the Village no longer provides this service and the remainder in this fund will be used to be closed out this function and then be placed in a capital expenditure fund to service the needs of the citizens of Sunbury.

Fiduciary Funds

Fiduciary funds include pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs. The Village's private purpose trust fund accounts for donations designated for maintenance of cemetery plots. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village does not have any agency funds.

C. Basis of Accounting

The Village's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Village Council may appropriate.

The appropriations ordinance is the Village Council's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Village Council. The legal level of control has been established at the fund for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Clerk. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Village Council.

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

D. Budgetary Process (Continued)

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including

E. Cash and Investments

To improve cash management, cash received by the Village is pooled and invested. Individual fund integrity is maintained through Village records. Interest in the pool is presented as “Equity in Pooled Cash and Cash Equivalents”.

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts, respectively.

During 2008 and 2009, the Village invested in STAR Ohio.

STAR Ohio is an investment pool, managed by the State Treasurer’s Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio’s share price, which is the price the investment could be sold for on December 31, 2009 and 2008.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2009 and 2008 were \$11,528 and \$135,684 respectively.

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Village did not have any restricted assets.

G. Inventory and Prepaid Items

The Village reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

I. Interfund Receivables/Payables

The Village reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

J. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's cash basis of accounting.

K. Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. Long-Term Obligations

The Village's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid.

M. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for use in street maintenance, park development, and cemetery maintenance.

The Village's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

N. Fund Balance Reserves

The Village reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

O. Interfund Transactions

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
(Continued)**

Note 3 – Compliance

Contrary to Capital Facilities Bond Anticipation Note, Series 2008, Section 10,330, the Village failed to establish a debt service fund. Contrary to Ohio Revised Code Section 5705.09, the District failed to post all Ohio Public Works Commission (OPWC) activity into the designated capital projects fund rather than the Street Fund.

Note 4 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund and the major special revenue funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (*cash basis*). In 2009, the encumbrances outstanding at year end amounted to \$22,853 for the General fund, \$143,606 for the Sunbury Mills Plaza TIF fund, \$4,346 for the Cemetery fund, \$10,000 for the Capital Projects Fund, and \$13,910 for the sewer fund. In 2008, the encumbrances outstanding at year end amounted to \$225,585 for the General fund, \$100,700 for the Street fund, \$486,145 for the Sunbury Mills Plaza TIF fund, \$4,545 for the cemetery fund, and \$13,826 for the sewer fund.

Note 5 – Deposits and Investments

Monies held by the Village are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Village can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
(Continued)**

Note 5 – Deposits and Investments (Continued)

2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2009, \$220,318 of the Village's bank balance of \$470,318 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Village's name. At December 31, 2008, \$3,987 of the Villages bank balance of \$253,987 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Village's name. \$250,000 was in transit between Star Ohio and Delaware County Bank at year end.

The Village has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Village or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
(Continued)**

Note 5 – Deposits and Investments (Continued)

Investments

As of December 31, 2009 and 2008 the Village had investments in Star Ohio of \$4,116,150 and \$4,514,631 respectively.

Interest rate risk arises because the fair value of investments changes as interest rates change. The Village's investment policy addresses interest rate risk by requiring that the Village's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

STAR Ohio carries a rating of AAAM by Standard and Poor's. The Village has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The U.S. Treasury Bills are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the Village's name. The Village has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

Note 6 – Income Taxes

The Village levies a 1.0 percent income tax whose proceeds are placed into the General Fund. The Village levies and collects the tax on all income earned within the Village as well as on incomes of residents earned outside the Village. Employers within the Village are required to withhold income tax on employee earnings and remit the tax to the Village at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually. All income tax is collected by the Regional Income Tax Agency (RITA).

Note 7 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2009 represent the collection of 2008 taxes and real property tax receipts received in 2008 represent the collection of 2007 taxes. Real property taxes received in 2009 were levied after October 1, 2008, on the assessed values as of January 1, 2008, the lien date and real property taxes received in 2008 were levied after October 1, 2007, on the assessed values as of January 1, 2007, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value.

Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
(Continued)**

Note 7 – Property Taxes (Continued)

Public utility property tax receipts received in 2009 represent the collection of 2008 taxes. Public utility property tax receipts received in 2008 represent the collection of 2007 taxes. Public utility real and tangible personal property taxes received in 2009 became a lien on December 31, 2008, were levied after October 1, 2007, Public utility real and tangible personal property taxes received in 2008 became a lien on December 31, 2007, were levied after October 1, 2006, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2009 (other than public utility property) represent the collection of 2008 taxes. Tangible personal property tax receipts received in 2008 (other than public utility property) represent the collection of 2007 taxes. Tangible personal property taxes received in 2009 were levied after October 1, 2008, on the true value as of December 31, 2008. Tangible personal property taxes received in 2008 were levied after October 1, 2007, on the true value as of December 31, 2007. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Village operations for the year ended December 31, 2009, was \$2.5 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2009 property tax receipts was based are as follows:

Real Property	2009	2008
Residential	\$81,491,840	\$79,813,070
Commercial/Industrial/Mineral	29,915,980	27,206,180
Public Utility Property		
Tangible Personal Property	73,510	152,240
Public Utility	1,907,980	1,809,530
Total Assessed Value	\$113,389,310	\$108,981,020

Note 8 – Risk Management

Thru February 28, 2009, the Village belonged to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated nonprofit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 460 Ohio governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
(Continued)**

Note 8 – Risk Management (Continued)

The Plan issues its own policies and reinsures the Plan with A-VII or better rated carriers, except for the 15% or \$37,500 casualty losses and the lesser of 10% or \$100,000 of property losses.

Individual members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Settlement amounts did not exceed insurance coverage for the past three fiscal years.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other obligation to the Plan. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform to generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2008 (the latest information available).

	2008	2007
Assets	\$10,471,114	\$11,136,455
Liabilities	<u>5,286,781</u>	<u>-4,273,553</u>
Members' Equity	<u><u>5,184,333</u></u>	<u><u>6,862,902</u></u>

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, www.ohioplan.org.

Effective March 1, 2009, the Village contracted with U. S. Specialty Insurance Company for all of their property and casualty insurance needs. There is no pooling of risk with this program. 100% of covered risk is placed with an insurance company, in this case U. S. Specialty Insurance Company.

Note 9 – Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

Plan Description -- The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit.

Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
(Continued)**

Note 9 – Defined Benefit Pension Plans (Continued)

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the years ended December 31, 2009 and 2008, members in state and local classifications contributed 10.0 percent of covered payroll, public safety members contributed 10.0 percent, and law enforcement members contributed 10.1 percent.

The Village's contribution rate for 2009 and 2008 was 14.0 percent of covered payroll. For the period January 1 through December 31, 2009, 2008, and 2007 a portion of the Village's contribution equal to 5.5 percent, 7 percent, and 5.5 percent of covered payroll was allocated to fund the postemployment healthcare plan (First 6 months of 2007 at 5% and last 6 months of 2007 at 6% of covered payroll. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate of the Village of 14 percent, except for public safety and law enforcement, where the maximum employer contribution rate is 18.1 percent.

The Village's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2009, 2008 and 2007 were \$104,574, \$117,424, and \$109,024 respectively. The full amount has been contributed for 2009, 2008, and 2007.

B. Ohio Police and Fire Pension Fund

Plan Description -- The Village contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy -- Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations while the Village is required to contribute 19.5 percent for police officers. Contributions are authorized by State statute. The Village's required contributions to the Fund for the years ended December 31, 2009, 2008 and 2007 were \$106,256, \$110,995 and \$101,304 respectively. The full amount has been contributed for 2009, 2008 and 2007.

Note 10 - Postemployment Benefits

A. Ohio Public Employees Retirement System

Plan Description -- The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
(Continued)**

Note 10 - Postemployment Benefits (Continued)

A. Ohio Public Employees Retirement System (Continued)

To qualify for postemployment healthcare coverage, age and service retirees under the traditional and combined plans must have ten or more years of qualifying Ohio service credit. Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not require, OPERS to provide healthcare benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215 – 4642 or by calling (614)222-5601 or 800-222-7377.

Funding Policy – The postemployment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). State statute requires that public employers fund postemployment healthcare through contributions to OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postemployment healthcare.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2008, local government employers contributed 14.0 percent of covered payroll (19.5 percent for public safety and law enforcement). Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding postemployment healthcare benefits. The amount of the employer contributions which was allocated to fund postemployment healthcare was 5.5 percent, 7 percent and 5.5 percent of covered payroll from January 1 through December 31, 2009, 2008 and 2007 respectively (First 6 months of 2007 at 5% and last 6 months of 2007 at 6% of covered payroll).

The retirement board is also authorized to establish rules for the payment of a portion of the healthcare benefits by the retiree or the retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the postemployment healthcare plan.

The Village's contributions allocated to fund postemployment healthcare benefits for the years ended December 31, 2009, 2008 and 2007 was \$41,083, \$58,712, and \$43,295. The full amount has been contributed for 2009, 2008, and 2007.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan which was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which allowed additional funds to be allocated to the healthcare plan.

B. Ohio Police and Fire Pension Fund

Plan Description – The Village contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing multiple-employer defined post-employment healthcare plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
(Continued)**

Note 10 - Postemployment Benefits (Continued)

B. Ohio Police and Fire Pension Fund (Continued)

OP&F provided access to post-retirement healthcare coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide healthcare coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the Plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.50% of covered payroll for police employers. The Ohio Revised Code states that the employer contribution may not exceed 19.50% of covered payroll for police employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree healthcare benefits. For the years ended December 31, 2009, 2008, and 2007, the employer contribution allocated to the healthcare plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the healthcare plan each year is subject to the trustees' primary responsibility to ensure that pension benefits are adequately funded and also is limited by the provisions of Sections 115 and Section 401(h).

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the healthcare plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. .

The Village's contributions to OP&F that were allocated to fund postemployment benefits were \$36,781, \$38,421 and \$35,067 for police for the years ended December 31, 2009, 2008 and 2007 respectively. The full amount has been contributed for all three years.

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
(Continued)**

Note 11 - Notes Payable & Long-Term Debt

A summary of the note transactions for the year ended December 31, 2008, follows:

	Interest Rate	Balance December 31, 2007	Additions	Reductions	Balance December 31, 2008
<u>Governmental Activities</u>					
Bond Anticipation Notes					
2007 Chase Bank	3.64%	2,575,000		2,575,000	0
2008 5th/3rd Bank	2.50%		2,659,000		2,659,000
Total		<u>2,575,000</u>	<u>2,659,000</u>	<u>2,575,000</u>	<u>2,659,000</u>

	Interest Rate	Balance December 31, 2007	Additions	Reductions	Balance December 31, 2008
Business Activities					
Bond Anticipation Notes					
2007 Chase Bank	3.64%	604,000		604,000	0
2008 5th/3rd Bank	2.50%		541,000		541,000
Total		<u>604,000</u>	<u>541,000</u>	<u>604,000</u>	<u>541,000</u>

A summary of the note transactions for the year ended December 31, 2009, follows:

	Interest Rate	Balance December 31, 2008	Additions	Reductions	Balance December 31, 2009
<u>Governmental Activities</u>					
Bond Anticipation Notes					
2008 5th/3rd Bank	2.50%	2,659,000		2,659,000	0
2009 5th/3rd Bank	3.25%		2,794,000		2,794,000
Total		<u>2,659,000</u>	<u>2,794,000</u>	<u>2,659,000</u>	<u>2,794,000</u>

	Interest Rate	Balance December 31, 2008	Additions	Reductions	Balance December 31, 2009
Business Activities					
Bond Anticipation Notes					
2008 5th/3rd Bank	2.50%	541,000		541,000	0
2009 5th/3rd Bank	3.25%		516,000		516,000
Total		<u>541,000</u>	<u>516,000</u>	<u>541,000</u>	<u>516,000</u>

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
(Continued)**

Note 11 - Notes Payable & Long-Term Debt (Continued)

All note proceeds had been spent or rolled over into subsequent bond anticipation notes at December 31, 2009. The bond anticipation notes issued in 2007 were used for various governmental and business-type activities. The bond anticipation notes are backed by the full faith and credit of the Village and mature within one year of issuance.

The Village's long-term debt activity for the year ended December 31, 2008, was as follows:

	Interest Rate	Balance December 31, 2007	Additions	Reductions	Balance December 31, 2008	Due Within One Year
<u>Governmental</u>						
<u>Activities</u>						
General Obligation Bonds, 2003 Issue, \$199,000	3.00%	\$ 82,400		\$ 82,400	\$ -	
Capital Facilities Bonds, 2008 Issue \$162,000	4.50%	-	162,000		162,000	1,000
Total General Obligation Bonds		<u>\$ 82,400</u>	<u>\$ 162,000</u>	<u>\$ 82,400</u>	<u>\$ 162,000</u>	<u>\$ 1,000</u>
<u>Business-Type</u>						
<u>Activities</u>						
1987 OWDA Loan, \$435,809	7.65%	\$ 159,633		\$ 27,400	\$ 132,233	\$ 29,497
2004 OWDA Loan \$7,835,475	4.16%	7,391,350		112,374	7,278,976	136,721
1996 OPWC Loan \$85,499	0.00%	34,200		4,275	29,925	4,275
1998 OPWC Loan \$20,947	0.00%	20,947		20,947	-	-
Total Business-Type Activities		<u>\$ 7,606,130</u>	<u>\$ -</u>	<u>\$ 164,996</u>	<u>\$ 7,441,134</u>	<u>\$ 170,493</u>

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
(Continued)**

Note 11 - Notes Payable & Long-Term Debt (Continued)

The Village's long-term debt activity for the year ended December 31, 2009, was as follows:

	Interest Rate	Balance December 31, 2008	Additions	Reductions	Balance December 31, 2009	Due Within One Year
<u>Governmental</u>						
<u>Activities</u>						
Capital Facilities Bonds, 2008 Issue	\$162,000 4.50%	\$ 162,000		\$ 1,000	\$ 161,000	\$ 5,600
Cemetery Land Acquisition Bonds	\$130,000 3.50%	-	130,000		130,000	5,700
Total General Obligation Bonds		\$ 162,000	\$ 130,000	\$ 1,000	\$ 291,000	\$ 11,300
<u>Business-Type</u>						
<u>Activities</u>						
1987 OWDA Loan,	\$435,809 7.65%	\$ 132,233		\$ 29,497	\$ 102,736	\$ 31,754
2004 OWDA Loan***	\$7,458,457 4.16%	7,263,646		136,721	7,126,925	142,468
1996 OPWC Loan	\$85,499 0.00%	29,925		4,275	25,650	4,275
Total Business-Type Activities		\$ 7,441,134	\$ -	\$ 170,493	\$ 7,270,641	\$ 178,496

***Since the Village took less loan money than what was originally granted, the amortization schedule was revised to reduce the principal balances owed by the Village.

The general obligation bonds are supported by the full faith and credit of the Village and are payable from unvoted property tax receipts to the extent that other resources are not available to meet annual principal and interest payments.

The Ohio Water Development Authority (OWDA) 1987 loan relates to a sewer system expansion project that was mandated by the Ohio Environmental Protection Agency. The loan will be repaid in semiannual installments over 25 years. The loan is secured by sewer receipts.

The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

In 2004 the Village entered into an agreement with the OWDA for the construction of a state sanitary sewer project. Construction began in 2004 and was completed in 2006. The loan will be repaid in semiannual payments over the next 30 years. All loan proceeds have been disbursed by OWDA as of December 31, 2009.

The Ohio Public Works Commission (OPWC) loans related capital improvements of the sewer plants. The loans will be repaid in semiannual installments over ten or twenty years. The loans are secured by sewer receipts.

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008
(Continued)**

Note 11 - Notes Payable & Long-Term Debt (Continued)

The following is a summary of the Village's future annual debt service requirements:

Year	G.O. Bonds		OWDA Loans		OPWC
	Principal	Interest	Principal	Interest	Loans
2010	11,300	12,907	174,221	302,873	4,275
2011	11,700	11,344	182,638	294,456	4,275
2012	12,200	10,876	191,497	285,597	4,275
2013	12,600	10,388	161,198	276,283	4,275
2014	13,200	9,884	167,974	269,508	4,275
2015-2019	74,100	41,075	951,901	1,235,506	4,275
2020-2024	90,600	24,938	1,169,495	1,017,912	0
2025-2029	65,300	6,294	1,436,829	750,578	0
2030-2034	0	0	1,765,272	422,135	0
2034-2039	0	0	1,028,636	65,068	0
Total	291,000	127,705	7,229,661	4,919,916	25,650

The Ohio Revised Code provides that net general obligation debt of the Village, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Village. The Revised Code further provides that total voted and unvoted net debt of the Village less the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at DECEMBER 31, 2009, were an overall debt margin of \$10,905,877 and an unvoted debt margin of \$6,236,412.

Note 12 – Contingent Liabilities

The Village is not a defendant in any lawsuits and there are no contingent liabilities.

Note 13 – Joint Ventures

The Village of Sunbury Community Park Joint Venture is a jointly governed organization between the Big Walnut Board of Education and the Village of Sunbury. The joint venture agreement was entered into for the purpose of development of an elementary school and an adjacent community park. The legislative and advisory body is made up of one member appointed by the school, one member appointed by the Village and an agreed upon third member. The Village committed 21 acres of the development for the school and park and the district has committed \$1.4 million to development of the park. Both the elementary school and park are under construction and nearing completion.

Note 14 – Jointly Governed Organizations

The Berkshire Township, the Village of Sunbury, Trenton Township, and the Village of Galena appoint one member to the Board of Trustees of the B.S.T. &G. Joint Fire District. The B.S.T. &G. Joint Fire District provides fire protection and rescue services within the District

Note 15 – Subsequent Events

Ordinance 2010-02 was passed on February 3, 2010 authorizing the issuance and sale of notes with the maximum principal amount of \$3,186,000 in anticipation of bonds for sanitary sewer improvements and street improvements.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Village of Sunbury
Delaware County
9 East Granville Street
Sunbury, Ohio 43074

To the Village Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Sunbury, Delaware County, Ohio, (the Village) as of and for the years ended December 31, 2009 and 2008, which collectively comprise the Village's basic financial statements and have issued our report thereon dated July 1, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider findings 2009-001 through 2009-003 described in the accompanying schedule of findings to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2009-001 and 2009-002.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated July 1, 2010.

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Village's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of management, the audit committee, Village Council, and others within the Village. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

July 1, 2010

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2009-01

Material Noncompliance / Material Weakness

The debt agreement entered into by the Village of Sunbury and the Delaware County Bank and Trust Company (DCB) for \$162,000 of **Capital Facilities Bond Anticipation Note, Series 2008**, requires the Village to establish a bond fund. **Section 3.30** of the Capital Facilities Bonds, Series 2008 agreement states that a Bond Fund is a Bona Fide Debt Service Fund, which is defined by Section 1.20 as the portion of the Issuer's Bond Retirement Fund that is properly allocable to the Issue. Amounts deposited from time to time in the Bond Fund will be used to pay Debt Service within 13 months after the amounts are so deposited, such period being the Temporary Period for such amounts.

Through review of the Village accounting records and financial statements it was noted that no such Bond Fund was established by the Village.

If no such Bond Fund is established by the Village, the Village is in violation of a debt covenant with the DCB. Currently the Village runs all debt activity through the general fund and by not establishing a Bond Fund the Village has the ability to commingle the principal and interest payments for the Bond Fund with other general fund monies. Not separating bond proceeds and general levy tax receipts could lead to monies being co-mingled and lead to noncompliant uses of both monies.

We recommend the Village establish a Bond Fund as required by the Capital Facilities Bonds, Series 2008 agreement entered into with the DCB.

Official's Response: The Village passed Ordinance 2010-10 establishing a debt service fund for the bonds noted above.

FINDING NUMBER 2009-02

Material Noncompliance / Material Weakness

Ohio Revised Code § 5705.09 states that each subdivision shall establish a special fund for each class of revenues derived from a source other than the general property tax, which the law requires to be used for a particular purpose. In addition Auditor of State Bulletin 2002-004 states that when receiving monies from Ohio Public Works Commission, the entity is to establish a capital projects fund to account for the monies and local matching funds. It is not necessary to obtain authorization from the Auditor of State to establish the fund because the authority exists under Section 5705.09. The purpose of the fund is to account for the related revenues and expenditures to the extent the entity has received benefit from the project.

In 2009, the Village received \$24,009 from the Ohio Public Works Commission and in 2008, the Village received \$228,730. The monies were posted into the Street Fund (201) and should have been receipt into a capital projects fund.

We proposed audit adjustments for 2008 and 2009 for the Village to post all Ohio Public Works Commission to a capital project fund. These adjustments are reflected on the December 31, 2009 and December 31, 2008 financial statements and have been posted by the Village to their accounting records.

The Village should ensure that all future Ohio Public Works projects are properly accounted for in a capital projects fund.

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (CONTINUED)
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FINDING NUMBER 2009-02 (continued)

Official's Response: This will be corrected in the future.

FINDING NUMBER 2009-003

Material Weakness

Sound financial reporting is the responsibility of the fiscal officer and Village Council and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

Thirty-seven audit adjustments and reclassifications were posted to the Village's December 31, 2009 and 2008 financial statements and, where applicable, the accounting records to accurately reflect account balances. These adjustments and reclassifications ranged from \$26 to \$1,604,912. Below are descriptions of the errors included on the financial statements provided by the client.

1. Principal retirement and interest and fiscal charges were not properly classified
2. Reserved for Special Revenue Funds and Reserved for Capital Projects Funds was not properly reported on the 2009 and 2008 Statements of Cash Basis Assets and Fund Balance.
3. Various program revenues were incorrectly classified as general receipts.
4. Various amounts reported on the Budget versus Actual Statements did not agree with the Certificate of Estimated Resources filed with the County Auditor and did not properly report prior year encumbrances and current year outstanding encumbrances.
5. Misclassification of payments in lieu of taxes revenues.

In addition, there were audit adjustments and reclassifications noted that were inconsequential to the overall financial statements of the Village and were not posted to the December 31, 2009 and 2008 financial statements.

The adjustments and reclassifications identified during the audit should be reviewed by the fiscal officer to ensure that similar errors are not reported on the financial statements in subsequent years. In addition, the Village should adopt policies and procedures, including a final review of the financial statements and note disclosures by the fiscal officer and governing board, to identify and correct errors and omissions.

Official's Response: This will be corrected in the future.

**VILLAGE OF SUNBURY
DELAWARE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009 AND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-001	Financial statement presentation	No	Re-issued as findings 2009-003
2007-002	Ohio Rev. Code 5705.41 (D)(1) – Prior Certification of Funds	Yes	



Mary Taylor, CPA
Auditor of State

VILLAGE OF SUNBURY

DELAWARE COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 2, 2010**