

***VILLAGE OF OBETZ
FRANKLIN COUNTY, OHIO***

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

Charles E. Harris and Associates, Inc.
Certified Public Accountants and Government Consultants



Dave Yost • Auditor of State

Village Council
Village of Obetz
4175 Alum Creek Drive
Obetz, Ohio 43207

We have reviewed the *Report of Independent Accountants* of the Village of Obetz, Franklin County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2008 through December 31, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Obetz is responsible for compliance with these laws and regulations.

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Dave Yost
Auditor of State

March 30, 2011

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FRANKLIN COUNTY
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For the Years Ended December 31, 2009 and 2008**

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Rockefeller Building
614 W Superior Ave Ste 1242
Cleveland OH 44113-1306
Office phone - (216) 575-1630
Fax - (216) 436-2411

Charles E. Harris & Associates, Inc.
Certified Public Accountants

REPORT OF INDEPENDENT ACCOUNTANTS

Village of Obetz, Franklin County
4175 Alum Creek Drive
Obetz, Ohio 43207

To the Village Council:

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village of Obetz, Franklin County (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 an opinion 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic 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 that our audit provides a reasonable basis for our opinion.

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 basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Village as of December 31, 2009 and 2008, and the respective changes in cash basis financial position and the budgetary comparison for the General Fund for the years then ended in conformity with accounting basis Note 2 describes.

Based on Note 3, the Village changed their financial statement presentation from to the Auditor of State regulatory basis to the Governmental Accounting Standards Board Number 34 presentation.

The management's discussion and analysis on pages 3 to 11 is not a required part of the basic financial statements, but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 1, 2011 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, 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 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.

Charles E. Harris & Associates, Inc.

February 1, 2011

VILLAGE OF OBETZ, FRANKLIN COUNTY
Management's Discussion and Analysis
For the Years Ended December 31, 2008 and 2009
Unaudited

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

Highlights

Key highlights for 2008 and 2009 are as follows:

Net assets of governmental activities increased \$756,725, or 23 percent, in 2008. The two funds most affected by the increase in cash and cash equivalents were the General Fund and the General Obligation Bond Retirement Fund. Net assets of governmental activities increased \$1,733,069, or 42 percent, in 2009. \$1,000,000 of the change resulted from a transfer from the gas and electric utilities.

The Village's general receipts are primarily income taxes. These receipts represent more than two thirds of the total cash received for governmental activities during the year, excluding the annual note proceeds from the reissuance of a short-term note. Although the rate of growth slowed, income tax receipts for 2009 exceeded receipts from the year before, setting a record for the fifth consecutive year.

Due to the national recession, the Village has avoided raising water and sewer rates. Consequently, the financial condition of the Village's water and sewer operations has deteriorated and will require a rate increase to overcome increased costs.

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'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 as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Village 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.

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Basis of Accounting

The basis of accounting is a set of guidelines that determines when financial events are recorded. The Village 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'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 cash basis of accounting.

Reporting the Village as a Whole

Reporting Entity

The Village is affiliated with two organizations, the Big Walnut Community Improvement Corporation (CIC) and the Obetz Convention and Visitor's Bureau (CVB). The CIC is a not-for profit corporation formed for the purpose of promoting economic development within the Village. The CIC is governed by a seven member board which includes the Mayor, Council President Pro Tem and Administrator of the Village. The primary asset of the CIC is a building; the CIC's primary revenue is rent from a lease of the building to the Columbus Crew Soccer Team.

The CVB is governed by a seven member board which includes the Mayor, Council President Pro Tem and Administrator of the Village. The CVB receives half of the lodging tax levied by the Village which is to be used for the promotion and marketing of the region in which the Village is located.

Village-wide Statements

The statement of net assets and the statement of activities reflect how the Village did financially during 2008 and 2009, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental and business-type activities of the Village 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's general receipts.

The statement of net assets and the statement of activities report the Village'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's financial health. Over time, increases or decreases in the Village's cash position is one indicator of whether the Village's financial health is improving or deteriorating. When evaluating the Village's financial condition, you should also consider other nonfinancial factors as well such as the Village's income tax base, the condition of the Village's capital assets and infrastructure, the extent of the Village'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 income taxes.

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In the statement of net assets and the statement of activities, the Village is divided into two types of activities:

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

Business-type activities. The Village has several business-type activities including the provision of water, the collection of refuse and the treatment of sewage. Several industrial areas of the Village are also serviced by the Village's electric and gas utilities. Business-type activities are financed by a fee charged to the customers receiving the service.

Reporting the Village's Most Significant Funds

Fund financial statements provide detailed information about each of the Village's major funds – not the Village as a whole. The Village 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 are split into three categories: governmental, proprietary and fiduciary.

Governmental Funds - Most of the Village'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'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's major governmental funds are the General Fund, the General Obligation Bond Retirement Fund and the Recreation Facility Fund. 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 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 has five major enterprise funds: Water, Sewer, Electric, Gas and Water Improvement. When the services are provided to another department of the Village, the service is reported as an internal service fund. The Village does not have any internal service funds.

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

The Village as a Whole

The following Table provides a summary of the Village's net assets for 2009 compared to 2008 on a cash basis. Comparisons to 2007 are not available.

VILLAGE OF OBETZ, FRANKLIN COUNTY
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	Net Assets				Table 1	
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>
Assets						
Cash and Investments	\$4,097,433	\$5,830,502	\$3,752,488	\$2,682,612	\$7,849,921	\$8,513,114
Total Assets	<u>\$4,097,433</u>	<u>\$5,830,502</u>	<u>\$3,752,488</u>	<u>\$2,682,612</u>	<u>\$7,849,921</u>	<u>\$8,513,114</u>
Net Assets						
Restricted for:						
Debt Service	\$700,051	\$531,146	\$349,800	\$329,975	\$1,049,851	\$861,121
Capital Projects	147,207	1,388,003	907,166	869,369	1,054,373	2,257,372
Other Purposes	368,213	479,021	-	-	368,213	479,021
Unrestricted	<u>2,881,962</u>	<u>3,432,332</u>	<u>2,495,522</u>	<u>1,483,268</u>	<u>5,377,484</u>	<u>4,915,600</u>
Total Net Assets	<u>\$4,097,433</u>	<u>\$5,830,502</u>	<u>\$3,752,488</u>	<u>\$2,682,612</u>	<u>\$7,849,921</u>	<u>\$8,513,114</u>

As mentioned previously, net assets of governmental activities increased \$1,733,069 or 42 percent during 2009. The primary reasons contributing to the increase in cash balance are as follows:

- Continued growth in income tax receipts. Despite the overall economic slowdown, income taxes continue to rise each year.
- Business-type Activities transferred \$1,000,000 to Governmental Activities to help finance the construction of an athletic club.
- General Government disbursements declined in 2009 due to a nearly \$400,000 payment made in 2008 for costs associated with the new Obetz athletic club that were not repeated in 2009.
- Significantly less was spent on capital outlay in 2009 compared to 2008 in an effort to maintain a reasonable balance to carry forward to 2010.

The cash balance of Business-Type Activities decreased over \$1,000,000 from 2008 to 2009 due to the \$1,000,000 transfer to Governmental Activities.

Table 2 reflects the changes in net assets on a cash basis in 2008 and 2009 for governmental activities, business-type activities and totals for the Village. Since 2008 is the first year the Village has prepared financial statements designed to match the appearance of statements prepared using generally accepted accounting principles, comparisons to 2007 are not available. In future years, when prior year information is available, a complete comparative analysis of government-wide data will be presented.

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Changes in Net Assets

Table 2

	Governmental		Business-Type		Total	
	Activities		Activities			
	2008	2009	2008	2009	2008	2009
Receipts:						
Program Receipts:						
Charges for Services and Sales	\$341,713	\$ 352,081	\$5,233,867	\$5,401,762	\$5,575,580	\$5,753,843
Operating Grants and Contributions	368,996	299,574	-	-	368,996	299,574
Capital Grants and Contributions	384,834	-	-	-	384,834	-
Total Program Receipts	<u>1,095,543</u>	<u>651,655</u>	<u>5,233,867</u>	<u>5,401,762</u>	<u>6,329,410</u>	<u>6,053,417</u>
General Receipts:						
Property Taxes	374,160	377,613	-	-	374,160	377,613
Income Taxes	4,244,019	4,341,789	-	-	4,244,019	4,341,789
Other Taxes	116,804	23,822	-	-	116,804	23,822
Cable Franchise Taxes	39,441	23,811	-	-	39,441	23,811
Sale of Notes	2,200,000	1,850,000	-	-	2,200,000	1,850,000
Unrestricted Grants and Entitlements	288,228	318,343	-	-	288,228	318,343
Interest	238,614	166,320	8,964	-	247,578	166,320
Miscellaneous	100,069	180,292	-	-	100,069	180,292
Total General Receipts	<u>7,601,335</u>	<u>7,281,990</u>	<u>8,964</u>	<u>-</u>	<u>7,610,299</u>	<u>7,281,990</u>
Total Receipts	<u>8,696,878</u>	<u>7,933,645</u>	<u>5,242,831</u>	<u>5,401,762</u>	<u>13,939,709</u>	<u>13,335,407</u>
Disbursements:						
General Government	1,732,520	1,255,621	-	-	1,732,520	1,255,621
Security of Persons and Property:	1,376,399	1,427,014	-	-	1,376,399	1,427,014
Public Health Services	20,258	23,200	-	-	20,258	23,200
Leisure Time Activities	418,138	526,479	-	-	418,138	526,479
Community Environment	275,340	275,056	-	-	275,340	275,056
Transportation	300,700	285,111	-	-	300,700	285,111
Capital Outlay	500,589	296,298	-	-	500,589	296,298
Principal Retirement	2,827,493	2,688,141	-	-	2,827,493	2,688,141
Interest and Fiscal Charges	488,716	423,656	-	-	488,716	423,656
Water	-	-	954,605	1,090,456	954,605	1,090,456
Sewer	-	-	1,067,427	956,711	1,067,427	956,711
Electric	-	-	2,289,203	2,188,694	2,289,203	2,188,694
Refuse	-	-	267,870	244,905	267,870	244,905
Gas	-	-	1,146,795	990,872	1,146,795	990,872
Total Disbursements	<u>7,940,153</u>	<u>7,200,576</u>	<u>5,725,900</u>	<u>5,471,638</u>	<u>13,666,053</u>	<u>12,672,214</u>
Excess (Deficiency) Before Transfers	756,725	733,069	(483,069)	(69,876)	273,656	663,193
Transfers	-	1,000,000	-	(1,000,000)	-	-
Increase (Decrease) in Net Assets	<u>756,725</u>	<u>1,733,069</u>	<u>(483,069)</u>	<u>(1,069,876)</u>	<u>273,656</u>	<u>663,193</u>
Net Assets, January 1	3,340,708	4,097,433	4,235,557	3,752,488	7,576,265	7,849,921
Net Assets, December 31	<u>\$4,097,433</u>	<u>\$5,830,502</u>	<u>\$3,752,488</u>	<u>\$2,682,612</u>	<u>\$7,849,921</u>	<u>\$8,513,114</u>

Program receipts represent only eight to fourteen percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, building permits and inspection fees and registration fees and concession sales receipts associated with the Village athletic programs.

VILLAGE OF OBETZ, FRANKLIN COUNTY
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General receipts represent over ninety percent of the Village's total receipts. The vast majority of these dollars (other than the annual reissuance of a short-term note) come from the Village's 2% income tax. The other General receipts are insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Village and the support services provided for the other Village activities. Security of Persons and Property are the costs of police protection; Public Health Services represent the costs of membership in the District Board of Health; Leisure Time Activities report the costs of the athletic programs as well as the money spent maintaining the parks and playing fields; the Community Environment classification represents the costs of planning and zoning, engineering and inspections as well as the building permit process; and Transportation presents the cost of maintaining the roads.

General Government disbursements dropped substantially in 2009 due to payments made in 2008 for architect and management costs related to the athletic club.

Governmental Activities

If you look at the Statement of Activities on pages 13 and 21, you will see that the first column lists the major services provided by the Village. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for General Government and Security of Persons and Property, which in 2009 and 2008 accounted for 17 and 20 percent and 22 and 17 percent of all governmental disbursements, respectively. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants 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 primarily by local taxpayers. 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.

	Governmental Activities		Table 3	
	Total Cost of Services 2008	Net Cost of Services 2008	Total Cost of Services 2009	Net Cost of Services 2009
General Government	\$1,732,520	\$1,627,337	\$1,255,621	\$1,137,923
Security of Persons and Property	1,376,399	1,363,840	1,427,014	1,415,231
Public Health Services	20,258	20,258	23,200	23,200
Leisure Time Activities	418,138	354,542	526,479	427,635
Community Environment	275,340	104,686	275,056	141,097
Transportation	300,700	(442,851)	285,111	(4,260)
Capital Outlay	500,589	500,589	296,298	296,298
Principal Retirement	2,827,493	2,924,353	2,688,141	2,678,565
Interest and Fiscal Charges	488,716	304,776	423,656	271,975
Total Expenses	<u>\$7,940,153</u>	<u>\$6,757,530</u>	<u>\$7,200,576</u>	<u>\$6,387,664</u>

The dependence upon income tax receipts is apparent as over 86 percent of governmental activities is supported through general receipts.

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Business-type Activities

The business-type activities of the Village are significant and include water, sewer, refuse, gas and electric. Water is provided from the Village water plant and, when additional supply is needed, through purchases from the City of Columbus. The Village maintains its own sewer lines but does not operate a sewage treatment facility. This service is provided under a contract with Columbus. Refuse service is provided under contract with a private hauler.

Most properties in the Village receive electricity and gas from major public utilities. There are, however, three industrial areas which are provided electricity and gas through lines owned by the Village. The Village purchases the electricity and gas and then resells them to the companies which occupy these industrial sites.

The Village's Funds

Governmental Funds - 2008

Governmental funds had receipts of \$6,496,878 other financing sources of \$2,200,000 and disbursements of \$7,940,153. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund increased \$366,806 as the result of growth in income tax receipts.

Governmental Funds – 2009

Receipts of Governmental Funds for 2009 totaled \$6,083,645 other financing Sources were \$3,850,000 and disbursements of \$7,200,576. Although income tax receipts continued to increase, total receipts were less than in 2008 because of a one-time reimbursement from ODOT in 2008 and a decline in local tax revenue. Disbursements in 2009 were also less than in 2008 (\$7,200,576 versus \$7,940,153) primarily because of the 2008 payment of architect and construction manager fees for the new athletic facility totaling almost \$ 400,000. The fund balance of the General Fund increased \$550,370.

Enterprise Funds

The Village has four major enterprise funds: water, sewer, gas and electric. Enterprise funds are financed primarily through monthly user fees charged to customers. These fees are mainly used to pay for day-to-day operations, although a portion of each month's sewer and water collections is allocated toward paying debt service payments on amounts borrowed from the Ohio Water Development Authority. The water and sewer funds also receive tap fees and capacity charges paid by new customers when they first connect to the system. These charges are limited to paying for infrastructure maintenance and construction. The money set-aside for debt service and for infrastructure improvements is presented as restricted on the financial statements.

The Village owns and maintains its own water lines and operates a small water plant whose supply is supplemented with purchases from the City of Columbus. The Village owns its own sewer lines but does not own a sewage treatment facility. This service is provided under contract with the City of Columbus.

The water and sewer funds are currently in need of additional cash to be supplied by a rate increase in 2011. The operating cash balance in the water fund dropped from \$380,736 at the end of 2008 to \$128,812 at the end of 2009. The operating cash balance in the sewer fund went from \$575,356 to \$428,534. These balances would have been substantially smaller but none of the invoices received from

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the City of Columbus for 2009 services were paid until 2010. The Village is in the process of reviewing the operation of these utilities and will take the steps necessary to return these operations to financial stability.

The gas and electric funds do not serve the entire Village. Village customers are primarily limited to the Creekside and Centerpoint industrial parks. The Village purchases electricity and gas and then resells them to its customers. In 2009, the cash balances in these funds had grown to the point where management felt it was prudent to transfer \$850,000 from the gas fund and \$150,000 from the electric fund to the General Fund. The General Fund then transferred this money to the Recreation Facility Construction Fund to be used for the construction of the Obetz athletic club.

General Fund Budgeting Highlights

The Village'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.

For 2008, final budgeted receipts were the same as original budgeted receipts. The difference between final budgeted receipts and actual receipts was about \$829,000 due mainly to conservative estimates for income tax and interest receipts and a \$148,000 miscellaneous receipt from the Ohio Department of Transportation to reimburse the Village for work done on the Alum Creek Drive widening project. The most significant change between original and final appropriations occurred in the General Government account which was increased almost \$1,000,000 to enable the Village to enter into contracts for engineering and management services related to the new athletic facility.

In 2009, original and final budgeted receipts in the General Fund were again equal. Actual income tax receipts were \$400,000 above conservative original estimates. Building permit receipts were down as construction slowed. Original and final appropriations were nearly equal. Actual disbursements were over \$1,200,000 below final appropriations as Capital Outlay, General Government and Community Environment disbursements were reduced in light of the weak economy.

Capital Assets and Debt Administration

Capital Assets

The Village does not currently report capital assets and infrastructure. Capital asset information is maintained and utilized for insurance purposes. Village infrastructure is documented through a geographic information system (GIS). The GIS currently includes Village roads as well as water, storm water and sewer lines. Information needed to add gas and electric lines to the system is being developed.

Debt

The Village's debt consists of a short-term note issued for road improvements, general obligation bonds issued for the construction of the Village administration building and OWDA and OPWC loans used for infrastructure improvements. In addition, the Village makes settlement payments to two school districts and two townships to reimburse them for a reduction in property tax receipts caused by an abatement granted to certain properties by the Village. The following presents the balances of these obligations as of December 31, 2007, 2008 and 2009.

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 Unaudited

Obligation	2007 Balance	2008 Balance	2009 Balance
Short-term Note	\$2,450,000	\$2,200,000	\$1,850,000
General Obligation Bonds	3,980,000	3,790,000	3,595,000
TIF Revenue Bonds	5,735,000	5,735,000	5,625,000
OWDA Loans			
Sewer	774,286	711,724	645,333
Water	441,308	405,650	367,810
OPWC Loans	205,922	192,151	185,266
Abatement Payments	1,387,286	1,213,565	1,037,309

The Village has issued bonds to finance infrastructure improvements that facilitated the development of an industrial park within the Village. The Village and the developer of the property entered into a tax increment financing agreement that waived any property taxes associated with improvements to the property made by the developer but required payments in lieu of taxes to be made directly to the Village. These payments are to be used to pay the principal and interest on the bonds. To the extent the payments are insufficient to satisfy the debt service requirements, the developer is responsible for the balance. The outstanding balance of these bonds at December 31, 2007 and 2008 was \$5,735,000. The balance at December 31, 2009 was \$5,625,000.

For further information regarding the Village's debt, refer to Note 12 to the basic financial statements.

Current Issues

Construction of the Obetz athletic club is currently underway. This \$3,800,000 facility was not financed through the issuance of bonds. Instead, the cash needed to pay for the facility has been transferred to a construction fund from the General Fund and the Gas and Electric utility funds. Construction was completed and the facility opened in December.

The Village is reviewing the operation of the Water and Sewer enterprise funds to determine how best to address their declining financial condition. It is anticipated that a rate increase will go into effect early in 2011.

The Internal Revenue Service has notified the Village of a \$372,000 charge that is pending for penalties and interest resulting from the late filing of informational reports back in 2004 and 2005. The Village will be meeting with the IRS to try to negotiate a settlement regarding this issue.

Contacting the Village'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 Pete Sorem, Finance Director, Village of Obetz, 4975 Alum Creek Drive, Obetz, Ohio 43207.

VILLAGE OF OBETZ, FRANKLIN COUNTY

Statement of Net Assets - Cash Basis

December 31, 2009

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets			
Equity in Pooled Cash and Investments	\$ 5,830,502	\$ 2,682,612	\$ 8,513,114
Total Assets	<u>\$ 5,830,502</u>	<u>\$ 2,682,612</u>	<u>\$ 8,513,114</u>
Net Assets:			
Restricted for:			
Capital Projects	\$ 1,388,003	\$ 869,368	\$ 2,257,371
Debt Service	531,146	329,975	861,121
Other Purposes	479,021	-	479,021
Unrestricted	3,432,332	1,483,269	4,915,601
Total Net Assets	<u>\$ 5,830,502</u>	<u>\$ 2,682,612</u>	<u>\$ 8,513,114</u>

See accompanying Notes to the Financial Statements.

VILLAGE OF OBETZ, FRANKLIN COUNTY

*Statement of Activities - Cash Basis
For the Year Ended December 31, 2009*

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets		Total
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental Activities						
Security of Persons and Property	\$ 1,427,014	\$ 1,580	\$ 10,203	\$ (1,415,231)	\$ -	\$ (1,415,231)
Public Health Services	23,200	-	-	(23,200)	-	(23,200)
Leisure Time Activities	526,479	98,844	-	(427,635)	-	(427,635)
Community Environment	275,056	133,959	-	(141,097)	-	(141,097)
Transportation	285,111	-	289,371	4,260	-	4,260
General Government	1,255,621	117,698	-	(1,137,923)	-	(1,137,923)
Capital Outlay	296,298	-	-	(296,298)	-	(296,298)
Debt Service:						
Principal	2,688,141	-	-	(2,688,141)	-	(2,688,141)
Interest	423,656	-	-	(423,656)	-	(423,656)
<i>Total Governmental Activities</i>	<u>7,200,576</u>	<u>352,081</u>	<u>299,574</u>	<u>(6,548,921)</u>	<u>-</u>	<u>(6,548,921)</u>
Business Type Activities						
Water Operating	1,090,456	802,432	-	-	(288,024)	(288,024)
Sewer Operating	956,711	788,366	-	-	(168,345)	(168,345)
Electric Operating	2,188,694	2,507,788	-	-	319,094	319,094
Refuse Operating	244,905	326,654	-	-	81,749	81,749
Gas Operating	990,872	976,522	-	-	(14,350)	(14,350)
<i>Total Business Type Activities</i>	<u>5,471,638</u>	<u>5,401,762</u>	<u>-</u>	<u>-</u>	<u>(69,876)</u>	<u>(69,876)</u>
<i>Total Primary Government</i>	<u>\$ 12,672,214</u>	<u>\$ 5,753,843</u>	<u>\$ 299,574</u>	<u>\$ (6,548,921)</u>	<u>\$ (69,876)</u>	<u>\$ (6,618,797)</u>
General Receipts						
Property Taxes				\$ 377,613	\$ -	\$ 377,613
Municipal Income Taxes				4,341,789	-	4,341,789
Other Taxes				23,822	-	23,822
Cable Franchise Fees				23,811	-	23,811
Grants and Entitlements not Restricted to Specific Program:				318,343	-	318,343
Sale of Notes				1,850,000	-	1,850,000
Earnings on Investments				166,320	-	166,320
Miscellaneous				180,292	-	180,292
<i>Total General Receipts</i>				<u>7,281,990</u>	<u>-</u>	<u>7,281,990</u>
Transfers				<u>1,000,000</u>	<u>(1,000,000)</u>	<u>-</u>
<i>Total General Receipts and Transfers</i>				<u>8,281,990</u>	<u>(1,000,000)</u>	<u>7,281,990</u>
Change in Net Assets				1,733,069	(1,069,876)	663,193
<i>Net Assets Beginning of Year</i>				<u>4,097,433</u>	<u>3,752,488</u>	<u>7,849,921</u>
<i>Net Assets End of Year</i>				<u>\$ 5,830,502</u>	<u>\$ 2,682,612</u>	<u>\$ 8,513,114</u>

See accompanying notes to the basic financial statements

VILLAGE OF OBETZ, FRANKLIN COUNTY

Statement of Cash Basis Assets and Fund Balances

Governmental Funds

December 31, 2009

	<u>General</u>	<u>General Obligation Bond Retirement</u>	<u>Recreation Facility</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Equity in Pooled Cash and Investments	\$ 3,432,332	\$ 531,146	\$ 1,000,000	\$ 867,024	\$ 5,830,502
Total Assets	<u>\$ 3,432,332</u>	<u>\$ 531,146</u>	<u>\$ 1,000,000</u>	<u>\$ 867,024</u>	<u>\$ 5,830,502</u>
Fund Balances:					
Reserved:					
Reserved for Encumbrances	\$ 667,963	\$ -	\$ -	\$ 43,249	\$ 711,212
Unreserved:					
Undesignated, Reported In:					
General Fund	2,764,369	-	-	-	2,764,369
Special Revenue Funds	-	-	-	450,772	450,772
Debt Service Funds	-	531,146	-	-	531,146
Capital Projects Funds	-	-	1,000,000	373,003	1,373,003
Total Net Assets	<u>\$ 3,432,332</u>	<u>\$ 531,146</u>	<u>\$ 1,000,000</u>	<u>\$ 867,024</u>	<u>\$ 5,830,502</u>

See accompanying Notes to the Financial Statements.

VILLAGE OF OBETZ, FRANKLIN COUNTY
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2009

	General	General Obligation Bond Retirement	Recreation Facility	Other Governmental Funds	Total
Receipts					
Property and Other Local Taxes	\$ 274,884	\$ 150,362	\$ -	\$ -	\$ 425,246
Municipal Income Taxes	3,621,789	480,000	-	240,000	4,341,789
Payment of Lieu of Taxes	-	-	-	106,294	106,294
Intergovernmental	212,049	-	-	299,574	511,623
Charges for Services	10,674	-	-	89,750	100,424
Fines, Licenses and Permits	232,461	-	-	19,196	251,657
Earnings on Investments	153,041	11,235	-	2,044	166,320
Miscellaneous	18,674	-	-	161,618	180,292
Total Receipts	4,523,572	641,597	-	918,476	6,083,645
Disbursements					
Current:					
Security of Persons and Property	1,422,553	-	-	4,461	1,427,014
Public Health Services	23,200	-	-	-	23,200
Leisure Time Activities	439,689	-	-	86,790	526,479
Community Environment	275,056	-	-	-	275,056
Transportation	100,421	-	-	184,690	285,111
General Government	1,255,560	-	-	61	1,255,621
Capital Outlay	267,109	-	-	29,189	296,298
Debt Service:					
Principal Retirement	176,256	2,401,885	-	110,000	2,688,141
Interest and Fiscal Charges	13,358	258,617	-	151,681	423,656
Total Disbursements	3,973,202	2,660,502	-	566,872	7,200,576
Excess of Receipts Over (Under) Disbursements	550,370	(2,018,905)	-	351,604	(1,116,931)
Other Financing Sources (Uses)					
Sale of Notes	-	1,850,000	-	-	1,850,000
Transfers In	1,000,000	-	1,000,000	-	2,000,000
Transfers Out	(1,000,000)	-	-	-	(1,000,000)
Total Other Financing Sources (Uses)	-	1,850,000	1,000,000	-	2,850,000
Net Change in Fund Balances	550,370	(168,905)	1,000,000	351,604	1,733,069
Fund Balances Beginning of Year	2,881,962	700,051	-	515,420	4,097,433
Fund Balances End of Year	<u>\$ 3,432,332</u>	<u>\$ 531,146</u>	<u>\$ 1,000,000</u>	<u>\$ 867,024</u>	<u>5,830,502</u>

See accompanying notes to the basic financial statements

VILLAGE OF OBETZ, FRANKLIN 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			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$ 312,658	\$ 312,658	\$ 274,884	\$ (37,774)
Municipal Income Taxes	3,215,000	3,215,000	3,621,789	406,789
Intergovernmental	236,100	236,100	212,049	(24,051)
Charges for Services	12,776	12,776	10,674	(2,102)
Fines, Licenses and Permits	338,000	338,000	232,461	(105,539)
Earnings on Investments	175,000	175,000	153,041	(21,959)
Miscellaneous	21,000	21,000	18,674	(2,326)
<i>Total receipts</i>	<u>4,310,534</u>	<u>4,310,534</u>	<u>4,523,572</u>	<u>213,038</u>
Disbursements				
Current:				
Security of Persons and Property	1,582,963	1,582,963	1,441,176	141,787
Public Health Services	23,200	23,200	23,200	-
Leisure Time Activities	497,571	497,571	447,179	50,392
Community Environment	489,024	489,024	316,338	172,686
Transportation	174,300	174,300	100,421	73,879
General Government	1,939,243	1,914,218	1,772,838	141,380
Capital Outlay	802,848	802,848	350,399	452,449
Debt Service:				
Principal Retirement	200,000	200,000	176,256	23,744
Interest and Fiscal Charges	25,000	25,000	13,358	11,642
<i>Total Disbursements</i>	<u>5,734,149</u>	<u>5,709,124</u>	<u>4,641,165</u>	<u>1,067,959</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(1,423,615)</u>	<u>(1,398,590)</u>	<u>(117,593)</u>	<u>1,280,997</u>
Other Financing Sources (Uses)				
Transfers In	1,000,000	1,000,000	1,000,000	-
Transfers Out	(1,000,000)	(1,000,000)	(1,000,000)	-
Advances In	10,000	10,000	-	(10,000)
Other Financing Uses	(123,550)	(123,550)	-	123,550
<i>Total Other Financing Sources (Uses)</i>	<u>(113,550)</u>	<u>(113,550)</u>	<u>-</u>	<u>113,550</u>
<i>Net Change in Fund Balance</i>	<u>(1,537,165)</u>	<u>(1,512,140)</u>	<u>(117,593)</u>	<u>1,394,547</u>
<i>Unencumbered Cash Balance Beginning of Year</i>	<u>2,251,602</u>	<u>2,251,602</u>	<u>2,251,602</u>	<u>-</u>
Prior Year Encumbrances Appropriated	<u>630,360</u>	<u>630,360</u>	<u>630,360</u>	<u>-</u>
<i>Unencumbered Cash Balance End of Year</i>	<u>\$ 1,344,797</u>	<u>\$ 1,369,822</u>	<u>\$ 2,764,369</u>	<u>\$ 1,394,547</u>

See accompanying notes to the basic financial statements

VILLAGE OF OBETZ, FRANKLIN COUNTY

Statement of Net Assets - Cash Basis

Proprietary Funds

December 31, 2009

	<u>Water Operating</u>	<u>Sewer Operating</u>	<u>Electric Operating</u>	<u>Gas Operating</u>	<u>Non-Major Enterprise Funds</u>	<u>Total Enterprise Funds</u>
Assets						
Equity in Pooled Cash and Cash Equivalents	\$ 1,123,681	\$ 633,008	\$ 533,985	\$ 250,540	\$ 141,398	\$ 2,682,612
Total Assets	<u>\$ 1,123,681</u>	<u>\$ 633,008</u>	<u>\$ 533,985</u>	<u>\$ 250,540</u>	<u>\$ 141,398</u>	<u>\$ 2,682,612</u>
Net Assets:						
Restricted for:						
Capital Projects	\$ 689,056	\$ 180,312	\$ -	\$ -	\$ -	\$ 869,368
Debt Service	305,813	24,162	-	-	-	329,975
Unrestricted	128,812	428,534	533,985	250,540	141,398	1,483,269
Total Net Assets	<u>\$ 1,123,681</u>	<u>\$ 633,008</u>	<u>\$ 533,985</u>	<u>\$ 250,540</u>	<u>\$ 141,398</u>	<u>\$ 2,682,612</u>

See accompanying Notes to the Financial Statements.

VILLAGE OF OBETZ, FRANKLIN COUNTY
Statement of Cash Receipts, Disbursements and Changes in Fund Net Assets - Cash Basis
Proprietary Funds
For the Year Ended December 31, 2009

	Water Operating	Sewer Operating	Electric Operating	Gas Operating	Non-Major Enterprise Funds	Total Enterprise Funds
Operating Receipts						
Charges for Services	\$ 802,432	\$ 788,366	\$ 2,507,788	\$ 976,522	\$ 326,654	\$ 5,401,762
<i>Total Operating Receipts</i>	<u>802,432</u>	<u>788,366</u>	<u>2,507,788</u>	<u>976,522</u>	<u>326,654</u>	<u>5,401,762</u>
Operating Disbursements						
Personal Services	162,089	37,824	35,081	36,127	-	271,121
Employee Fringe Benefits	77,188	-	-	-	-	77,188
Contractual Services	676,174	736,823	2,067,271	937,234	244,905	4,662,407
Supplies and Materials	63,331	3,519	-	-	-	66,850
Other	-	49,720	-	-	-	49,720
<i>Total Operating Disbursements</i>	<u>978,782</u>	<u>827,886</u>	<u>2,102,352</u>	<u>973,361</u>	<u>244,905</u>	<u>5,127,286</u>
<i>Operating Income (Loss)</i>	(176,350)	(39,520)	405,436	3,161	81,749	274,476
Non-Operating Receipts (Disbursements)						
Capital Outlay	(49,008)	(18,877)	(86,342)	(17,511)	-	(171,738)
Principal Payments	(37,840)	(66,391)	-	-	-	(104,231)
Interest and Fiscal Charges	(24,826)	(43,557)	-	-	-	(68,383)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(111,674)</u>	<u>(128,825)</u>	<u>(86,342)</u>	<u>(17,511)</u>	<u>-</u>	<u>(344,352)</u>
<i>Income (Loss) before Transfers</i>	(288,024)	(168,345)	319,094	(14,350)	81,749	(69,876)
Transfers Out	-	-	(150,000)	(850,000)	-	(1,000,000)
<i>Change in Net Assets</i>	(288,024)	(168,345)	169,094	(864,350)	81,749	(1,069,876)
<i>Net Assets Beginning of Year</i>	<u>1,411,705</u>	<u>801,353</u>	<u>364,891</u>	<u>1,114,890</u>	<u>59,649</u>	<u>3,752,488</u>
<i>Net Assets End of Year</i>	<u>\$ 1,123,681</u>	<u>\$ 633,008</u>	<u>\$ 533,985</u>	<u>\$ 250,540</u>	<u>\$ 141,398</u>	<u>\$ 2,682,612</u>

See accompanying notes to the basic financial statements

VILLAGE OF OBETZ, FRANKLIN COUNTY

Statement of Fiduciary Net Assets - Cash Basis

December 31, 2009

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 487,151
Total Assets	<u>\$ 487,151</u>
Net Assets:	
Restricted for:	
Other Purposes	\$ 487,151
Total Net Assets	<u>\$ 487,151</u>

See accompanying Notes to the Financial Statements.

VILLAGE OF OBETZ, FRANKLIN 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 Investments	\$ 4,097,433	\$ 3,752,488	\$ 7,849,921
Total Assets	<u>\$ 4,097,433</u>	<u>\$ 3,752,488</u>	<u>\$ 7,849,921</u>
Net Assets:			
Restricted for:			
Capital Projects	\$ 147,207	\$ 907,166	\$ 1,054,373
Debt Service	700,051	349,800	1,049,851
Other Purposes	368,213	-	368,213
Unrestricted	2,881,962	2,495,522	5,377,484
Total Net Assets	<u>\$ 4,097,433</u>	<u>\$ 3,752,488</u>	<u>\$ 7,849,921</u>

See accompanying Notes to the Financial Statements.

VILLAGE OF OBETZ, FRANKLIN COUNTY

Statement of Activities - Cash Basis

For the Year Ended December 31, 2008

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets		
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Security of Persons and Property	\$ 1,376,399	\$ 2,280	\$ 5,984	\$ 4,295	\$ (1,363,840)	\$ -	\$ (1,363,840)
Public Health Services	20,258	-	-	-	(20,258)	-	(20,258)
Leisure Time Activities	418,138	63,596	-	-	(354,542)	-	(354,542)
Community Environment	275,340	170,654	-	-	(104,686)	-	(104,686)
Transportation	300,700	-	363,012	380,539	442,851	-	442,851
General Government	1,732,520	105,183	-	-	(1,627,337)	-	(1,627,337)
Capital Outlay	500,589	-	-	-	(500,589)	-	(500,589)
Debt Service:							
Principal	2,827,493	-	-	-	(2,827,493)	-	(2,827,493)
Interest	488,716	-	-	-	(488,716)	-	(488,716)
<i>Total Governmental Activities</i>	<u>7,940,153</u>	<u>341,713</u>	<u>368,996</u>	<u>384,834</u>	<u>(6,844,610)</u>	<u>-</u>	<u>(6,844,610)</u>
Business Type Activities							
Water Operating	954,605	811,501	-	-	-	(143,104)	(143,104)
Sewer Operating	1,067,427	815,397	-	-	-	(252,030)	(252,030)
Electric Operating	2,289,203	2,294,216	-	-	-	5,013	5,013
Refuse Operating	267,870	252,581	-	-	-	(15,289)	(15,289)
Gas Operating	1,146,795	1,060,172	-	-	-	(86,623)	(86,623)
<i>Total Business Type Activities</i>	<u>5,725,900</u>	<u>5,233,867</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(492,033)</u>	<u>(492,033)</u>
<i>Total Primary Government</i>	<u>\$ 13,666,053</u>	<u>\$ 5,575,580</u>	<u>\$ 368,996</u>	<u>\$ 384,834</u>	<u>\$ (6,844,610)</u>	<u>\$ (492,033)</u>	<u>\$ (7,336,643)</u>
General Receipts							
Property Taxes					\$ 374,160	\$ -	\$ 374,160
Municipal Income Taxes					4,244,019	-	4,244,019
Other Taxes					116,804	-	116,804
Cable Franchise Fees					39,441	-	39,441
Grants and Entitlements not Restricted to Specific Programs					288,228	-	288,228
Sale of Notes					2,200,000	-	2,200,000
Earnings on Investments					238,614	8,964	247,578
Miscellaneous					100,069	-	100,069
<i>Total General Receipts</i>					<u>7,601,335</u>	<u>8,964</u>	<u>7,610,299</u>
Change in Net Assets					756,725	(483,069)	273,656
<i>Net Assets Beginning of Year</i>					<u>3,340,708</u>	<u>4,235,557</u>	<u>7,576,265</u>
<i>Net Assets End of Year</i>					<u>\$ 4,097,433</u>	<u>\$ 3,752,488</u>	<u>\$ 7,849,921</u>

See accompanying notes to the basic financial statements

VILLAGE OF OBETZ, FRANKLIN COUNTY
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2008

	General	General Obligation Bond Retirement	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Investments	\$ 2,881,962	\$ 700,051	\$ 515,420	\$ 4,097,433
Total Assets	\$ 2,881,962	\$ 700,051	\$ 515,420	\$ 4,097,433
Fund Balances:				
Reserved:				
Reserved for Encumbrances	\$ 630,360	\$ -	\$ 57,249	\$ 687,609
Unreserved:				
Undesignated, Reported In:				
General Fund	2,251,602	-	-	2,251,602
Special Revenue Funds	-	-	325,964	325,964
Debt Service Funds	-	700,051	-	700,051
Capital Projects Funds	-	-	132,207	132,207
Total Net Assets	\$ 2,881,962	\$ 700,051	\$ 515,420	\$ 4,097,433

See accompanying Notes to the Financial Statements.

VILLAGE OF OBETZ, FRANKLIN COUNTY
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2008

	General	General Obligation Bond Retirement	Other Governmental Funds	Total
Receipts				
Property and Other Local Taxes	\$ 384,991	\$ 145,415	\$ -	\$ 530,406
Municipal Income Taxes	3,524,019	480,000	240,000	4,244,019
Payment in Lieu of Taxes	-	-	102,870	102,870
Intergovernmental	386,798	231,936	320,453	939,187
Charges for Services	11,764	-	100,450	112,214
Fines, Licenses and Permits	218,742	-	10,757	229,499
Earnings on Investments	216,132	12,009	10,473	238,614
Miscellaneous	12,084	-	87,985	100,069
Total Receipts	4,754,530	869,360	872,988	6,496,878
Disbursements				
Current:				
Security of Persons and Property	1,375,629	-	770	1,376,399
Public Health Services	20,258	-	-	20,258
Leisure Time Activities	371,310	-	46,828	418,138
Community Environment	275,340	-	-	275,340
Transportation	126,636	-	174,064	300,700
General Government	1,732,520	-	-	1,732,520
Capital Outlay	296,987	-	203,602	500,589
Debt Service:				
Principal Retirement	173,722	2,403,771	250,000	2,827,493
Interest and Fiscal Charges	15,322	289,454	183,940	488,716
Total Disbursements	4,387,724	2,693,225	859,204	7,940,153
Excess of Receipts Over (Under) Disbursements	366,806	(1,823,865)	13,784	(1,443,275)
Other Financing Sources (Uses)				
Sale of Notes	-	2,200,000	-	2,200,000
Total Other Financing Sources (Uses)	-	2,200,000	-	2,200,000
Net Change in Fund Balances	366,806	376,135	13,784	756,725
Fund Balances Beginning of Year	2,515,156	323,916	501,636	3,340,708
Fund Balances End of Year	<u>\$ 2,881,962</u>	<u>\$ 700,051</u>	<u>\$ 515,420</u>	<u>4,097,433</u>

See accompanying notes to the basic financial statements

VILLAGE OF OBETZ, FRANKLIN 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			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$ 342,901	\$ 342,901	\$ 384,991	\$ 42,090
Municipal Income Taxes	3,000,000	3,000,000	3,524,019	524,019
Intergovernmental	206,100	206,100	386,798	180,698
Charges for Services	11,800	11,800	11,764	(36)
Fines, Licenses and Permits	333,500	333,500	218,742	(114,758)
Earnings on Investments	25,000	25,000	216,132	191,132
Miscellaneous	6,000	6,000	12,084	6,084
<i>Total receipts</i>	<u>3,925,301</u>	<u>3,925,301</u>	<u>4,754,530</u>	<u>829,229</u>
Disbursements				
Current:				
Security of Persons and Property	1,538,606	1,530,106	1,382,932	147,174
Public Health Services	23,200	23,200	20,258	2,942
Leisure Time Activities	451,962	451,962	377,519	74,443
Community Environment	455,034	455,034	320,590	134,444
Transportation	150,632	150,632	126,636	23,996
General Government	1,393,695	2,385,695	2,246,536	139,159
Capital Outlay	797,727	797,727	354,569	443,158
Debt Service:				
Principal Retirement	225,000	225,000	173,722	51,278
Interest and Fiscal Charges	25,000	25,000	15,322	9,678
<i>Total Disbursements</i>	<u>5,060,856</u>	<u>6,044,356</u>	<u>5,018,084</u>	<u>1,026,272</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(1,135,555)</u>	<u>(2,119,055)</u>	<u>(263,554)</u>	<u>1,855,501</u>
Other Financing Sources (Uses)				
Advances In	10,000	10,000	-	(10,000)
Other Financing Uses	(135,459)	(135,459)	-	135,459
<i>Total Other Financing Sources (Uses)</i>	<u>(125,459)</u>	<u>(125,459)</u>	<u>-</u>	<u>125,459</u>
<i>Net Change in Fund Balance</i>	<u>(1,261,014)</u>	<u>(2,244,514)</u>	<u>(263,554)</u>	<u>1,980,960</u>
<i>Unencumbered Cash Balance Beginning of Year</i>	2,427,462	2,427,462	2,427,462	-
Prior Year Encumbrances Appropriated	87,694	87,694	87,694	-
<i>Unencumbered Cash Balance End of Year</i>	<u>\$ 1,254,142</u>	<u>\$ 270,642</u>	<u>\$ 2,251,602</u>	<u>\$ 1,980,960</u>

See accompanying notes to the basic financial statements

VILLAGE OF OBETZ, FRANKLIN COUNTY

Statement of Net Assets - Cash Basis

Proprietary Funds

December 31, 2008

	<u>Water Operating</u>	<u>Sewer Operating</u>	<u>Electric Operating</u>	<u>Gas Operating</u>	<u>Non-Major Enterprise Funds</u>	<u>Total Enterprise Funds</u>
Assets						
Equity in Pooled Cash and Investments	\$ 1,411,705	\$ 801,353	\$ 364,891	\$ 1,114,890	\$ 59,649	\$ 3,752,488
Total Assets	<u>\$ 1,411,705</u>	<u>\$ 801,353</u>	<u>\$ 364,891</u>	<u>\$ 1,114,890</u>	<u>\$ 59,649</u>	<u>\$ 3,752,488</u>
Net Assets:						
Restricted for:						
Capital Projects	\$ 705,331	\$ 201,835	\$ -	\$ -	\$ -	\$ 907,166
Debt Service	325,638	24,162	-	-	-	349,800
Unrestricted	380,736	575,356	364,891	1,114,890	59,649	2,495,522
Total Net Assets	<u>\$ 1,411,705</u>	<u>\$ 801,353</u>	<u>\$ 364,891</u>	<u>\$ 1,114,890</u>	<u>\$ 59,649</u>	<u>\$ 3,752,488</u>

See accompanying Notes to the Financial Statements.

VILLAGE OF OBETZ, FRANKLIN COUNTY
Statement of Cash Receipts, Disbursements and Changes in Fund Net Assets - Cash Basis
Proprietary Funds
For the Year Ended December 31, 2008

	Water Operating	Sewer Operating	Electric Operating	Gas Operating	Non-Major Enterprise Funds	Total Enterprise Funds
Operating Receipts						
Charges for Services	\$ 811,501	\$ 815,397	\$ 2,294,216	\$ 1,060,172	\$ 252,581	\$ 5,233,867
<i>Total Operating Receipts</i>	<u>811,501</u>	<u>815,397</u>	<u>2,294,216</u>	<u>1,060,172</u>	<u>252,581</u>	<u>5,233,867</u>
Operating Disbursements						
Personal Services	173,964	32,334	35,729	34,998	-	277,025
Employee Fringe Benefits	77,457	-	-	-	-	77,457
Contractual Services	307,856	788,823	2,131,820	1,111,797	267,870	4,608,166
Supplies and Materials	61,135	4,060	-	-	-	65,195
Other	50	129,887	-	-	-	129,937
<i>Total Operating Disbursements</i>	<u>620,462</u>	<u>955,104</u>	<u>2,167,549</u>	<u>1,146,795</u>	<u>267,870</u>	<u>5,157,780</u>
<i>Operating Income (Loss)</i>	191,039	(139,707)	126,667	(86,623)	(15,289)	76,087
Non-Operating Receipts (Disbursements)						
Earnings on Investments	8,964	-	-	-	-	8,964
Capital Outlay	(271,478)	(2,375)	(121,654)	-	-	(395,507)
Principal Payments	(35,657)	(62,562)	-	-	-	(98,219)
Interest and Fiscal Charges	(27,008)	(47,386)	-	-	-	(74,394)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(325,179)</u>	<u>(112,323)</u>	<u>(121,654)</u>	<u>-</u>	<u>-</u>	<u>(559,156)</u>
<i>Change in Net Assets</i>	(134,140)	(252,030)	5,013	(86,623)	(15,289)	(483,069)
<i>Net Assets Beginning of Year</i>	<u>1,545,845</u>	<u>1,053,383</u>	<u>359,878</u>	<u>1,201,513</u>	<u>74,938</u>	<u>4,235,557</u>
<i>Net Assets End of Year</i>	<u>\$ 1,411,705</u>	<u>\$ 801,353</u>	<u>\$ 364,891</u>	<u>\$ 1,114,890</u>	<u>\$ 59,649</u>	<u>\$ 3,752,488</u>

See accompanying notes to the basic financial statements

VILLAGE OF OBETZ, FRANKLIN COUNTY

Statement of Fiduciary Net Assets - Cash Basis

December 31, 2008

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Investments	\$ 472,248
Total Assets	<u>\$ 472,248</u>
Net Assets:	
Restricted for:	
Other Purposes	\$ 472,248
Total Net Assets	<u>\$ 472,248</u>

See accompanying Notes to the Financial Statements.

VILLAGE OF OBETZ, FRANKLIN COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2008 & 2009

Note 1 – Reporting Entity

The Village of Obetz, Franklin County, (the Village) is a body corporate and politic established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected, six-member Council. The Mayor is elected to a four-year term, serves as the President of Council 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, water, sewer, refuse, gas and electric utilities, maintenance of Village roads and bridges, park and recreation 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 has no component units.

C. Joint Ventures, Jointly Governed Organizations and Public Entity Risk Pools

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 is associated with two organizations which are defined as jointly governed organizations. These organizations are the Big Walnut Community Improvement Corporation (CIC) and the Obetz Convention and Visitor's Bureau (CVB), which are presented in Note 14 to the basic financial statements.

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

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.

VILLAGE OF OBETZ, FRANKLIN COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2008 & 2009

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 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.

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 fund's principal service. Operating disbursements include costs of sales and services and administrative costs. The proprietary fund statements report all other receipts and disbursements as nonoperating.

VILLAGE OF OBETZ, FRANKLIN COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2008 & 2009

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 has three major governmental funds, the General Fund, the General Obligation Bond Retirement Fund and the Recreation Facility Fund. The General Fund is 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. The General Obligation Bond Retirement Fund is used to account for tax proceeds restricted to satisfy general debt obligations of the Village. The Recreation Facility Fund is used to account for proceeds restricted to the construction of the Obetz athletic club. The 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. All of the Village's proprietary funds are classified as enterprise.

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 has four major enterprise funds:

Water Operating Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

Sewer Operating Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

Electric Operating Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

Gas Operating Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

Agency Funds

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village's agency funds account for court monies received and disbursed to the Village, State and County, and for monies placed on deposit that will be used for permits related to engineering and civil reviews on new construction for residential and commercial properties.

C. Basis of Accounting

The Village's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather

VILLAGE OF OBETZ, FRANKLIN COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2008 & 2009

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, department, and object level for all operating funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Finance Director. 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 certificated of estimated resources in effect at the time final appropriations were passed by the Village Council.

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 amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Village Council during the year.

E. Cash and Investments

To improve cash management, cash received by the Village is pooled. Individual fund integrity is maintained through Village records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents". Investments are valued at cost or amortized cost.

During 2009 and 2008, the Village invested all available funds in a checking account and an investment portfolio.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General and General Obligation Bond Retirement funds during 2009 was \$153,041 and \$11,235, respectively, while interest posted to other funds within the Village totaled \$2,044. Interest receipts credited to the General and General Obligation Bond Retirement funds during 2008 was \$216,132 and \$12,009, respectively, while interest posted to other funds within the Village totaled \$10,473.

VILLAGE OF OBETZ, FRANKLIN COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2008 & 2009

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.

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.

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 10 and 11, 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. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception. Lease 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. During 2009 and 2008 restricted Net Assets represent \$3,597,513 and \$2,472,437, respectively, of a total Net Assets of \$8,513,114 and \$7,849,921, respectively. 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.

VILLAGE OF OBETZ, FRANKLIN COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2008 & 2009

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.

Note 3 – Change in Basis of Accounting and Restatement of Fund Equity

Last year the Village reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor’s Office. This year the Village has implemented the cash basis of accounting described in note 2. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type.

Note 4 – Compliance

Ohio Revised Code Section 5705.36(A)(4) requires obtaining a reduced amended certificate if the amount of the deficiency will reduce available resources below the current level of appropriation. During 2009 and 2008, several funds had estimated receipts greater than actual receipts. The shortage of actual compared to estimated receipts reduced the total estimated resources to an amount lower than the appropriations.

The following funds had actual revenues which were less than budgeted revenues for the year ended December 31, 2009 in the following amounts:

Fund	Variance
Special Revenue Funds:	
Parks and Recreation Fund	\$ (26,100)
Athletics and Concessions Fund	(77,250)
Toy Road TIF Construction Fund	(19,576)
Debt Service Fund:	
General Bond Retirement Fund	(3,958,403)
Capital Project Fund:	
West Side Storm Sewer and Road Project Fund	(9,204)
Enterprise Funds:	
Water Operating Fund	(831,466)
Gas Operating Fund	(1,773,478)
Sewer Improvement Fund	(402,925)

VILLAGE OF OBETZ, FRANKLIN COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2008 & 2009

The following funds had actual revenues which were less than budgeted revenues for the year ended December 31, 2008 in the following amounts:

Fund	Variance
Special Revenue Funds:	
Parks and Recreation Fund	\$ (82,755)
Athletics and Concessions Fund	(60,888)
Toy Road TIF Construction Fund	(23,140)

Note 5 – 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 is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is that outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). During 2009 and 2008 the encumbrances outstanding at year end (budgetary basis) amounted to \$667,963 and \$630,360 respectively, for the general fund.

Note 6 – 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;
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;

VILLAGE OF OBETZ, FRANKLIN COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2008 & 2009

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;
5. Certificates of deposit shall be purchased only from commercial banks or domestic savings and loans covered by the Federal Deposit Insurance Corporation. The Clerk must have Depository Agreement with bank to make such purchase ;
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) as long as it has the highest rating provided by at least one nationally recognized rating service.

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 year end 2009 and 2008, \$1,849,758 and \$1,334,131, respectively, of the Village's bank balance of \$2,104,128 and \$2,348,501, respectively, were exposed to custodial risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution.

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.

The Village had investments of \$6,896,137 and \$5,973,668 at the end of 2009 and 2008, respectively.

As of December 31, 2009, the Village had the following investments:

	<u>Carrying Value</u>	<u>Maturity</u>
FHLB	\$3,180,091	1,640 (1)
FHLMC	1,752,665	786 Days to Maturity
FNMA	801,031	1,429 (1)
Money Market	1,162,350	Daily
Total Portfolio	<u>\$6,896,137</u>	

VILLAGE OF OBETZ, FRANKLIN COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2008 & 2009

As of December 31, 2008, the Village had the following investments:

	Carrying Value	Maturity
FHLB	\$2,406,660	1,161 (1)
FHLMC	49,905	786 Days to Maturity
FNMA	3,059,436	1,429 (1)
Money Market Mutual Fund	457,667	Daily
Total Portfolio	\$5,973,668	

(1) Weighted Maturity-Days

Interest Rate Risk – The Ohio Revised Code generally limits security purchases to those that mature within five years of settlement date.

Credit Risk – The Village’s investments in FHLB, FHLMC and FNMA securities were rated AAA and Aaa by Standard & Poor’s and Moody’s Investor Services, respectively.

Custodial Credit Risk – The Village’s investments at year end 2009 in FHLB, FHLMC and FNMA securities in the amounts of \$3,180,091, \$1,752,665 and \$801,031, respectively, are uninsured and unregistered with securities held by the counterparty’s trust department or agent in the Village’s name. The Village’s investments at year end 2008 in FHLB, FHLMC and FNMA, respectively, are uninsured and unregistered with securities held by the counterparty’s trust department or agent in the Village’s name.

Concentration of Credit Risk – The Village places no limit on the amount the Village may invest in one issuer. Of the Village’s total investments at year end 2009, 46% are FHLB, 25% are FHLMC, 12% are FNMA and 17% are Money Markets. Of the Village’s total investments at year end 2008, 40% are FHLB, 1% is FHLMC, 51% are FNMA and 8% are Money Markets.

Note 7 – Income Taxes

The Village levies a 2 percent income tax whose proceeds are placed into the General Fund, General Obligation Bond Retirement Fund and the Westside Road Improvement Project 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. Individual taxpayers, whose only income is subject to withholding by employers and employers file a final return annually, are not required to file a final annual return. Corporations and other individual taxpayers are required to pay their estimated tax at least quarterly and file a final return annually if the individual has income that is not subject to withholding.

Note 8 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Property tax receipts received in 2009 for real and public utility property taxes represents collections of the 2008 taxes. Property tax payments received during 2009 for tangible personal property (other than public utility property) are for 2009 taxes.

2009 real property taxes are levied after October 1, 2009 on the assessed values as of January 1, 2009, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. 2009 real property taxes are collected in and intended to finance 2010.

VILLAGE OF OBETZ, FRANKLIN COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2008 & 2009

Real property taxes are payable annually or semi-annually. 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. The State has created certain reductions in real property taxes in the form of rollbacks and exemptions. The State reimburses the Village for the receipts lost due to these reductions. These reimbursements are reported as Intergovernmental receipts on the financial statements.

Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2009 public utility property taxes became a lien on December 31, 2008, are levied after October 1, 2009, and are collected in 2010 with real property taxes.

2009 tangible property taxes are levied after October 1, 2008, on the value as of December 31, 2008. Collections are made in 2009. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2007 was 12.5 percent. This was reduced to 6.25 percent for 2008, and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 3, with the remainder due September 20.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and communications companies, and railroads. The tax on general business and railroad property was eliminated for calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is being phased out by reducing the assessment rate on the property each year. The Bill replaces the revenue lost by the Village due to the phasing out of the tax. In calendar years 2006-2010, the Village will be fully reimbursed by the State for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The full tax rate for all Village operations for the years ended December 31, 2008 and 2009, was \$1.70 per \$1,000 of assessed value. The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Village. The County Auditor periodically remits to the Village its portion of the taxes collected.

Note 9 – Risk Management

Risk Pool Membership

The Village belongs to the Public Entities Pool of Ohio (“PEP”), a risk sharing pool available to Ohio local governments. PEP provides property and casualty insurance for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed members’ deductibles.

Casualty Coverage

PEP retains casualty risks up to \$250,000 per occurrence, including loss adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$12,000,000, from General Reinsurance Corporation. If losses exhaust PEP’s retained earnings, APEEP covers PEP losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

VILLAGE OF OBETZ, FRANKLIN COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2008 & 2009

Property Coverage

On January 1, 2005, APEEP began administering a risk-sharing property program. Under the new program, St. Paul Travelers will reinsure specific losses in excess of \$250,000 up to \$600,000,000 per occurrence. APEEP will reinsure members for specific losses in excess of \$100,000 up to \$250,000 per occurrence, subject to annual aggregate loss payment. St. Paul Travelers provides aggregate stop-loss coverage based upon the combined Members' Total Insurable Value (TIV). If the stop-loss is reached by payment of losses between \$100,000 and \$250,000, St. Paul Travelers will then reinsure specific losses in excess of \$100,000 up to their \$600,000,000 per occurrence limit.

The aforementioned casualty and property reinsurance agreements do not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

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

	2008	2009
Assets	\$35,769,535	\$36,374,898
Liabilities	(15,310,206)	(15,256,862)
Net Assets	<u>\$20,459,329</u>	<u>\$21,118,036</u>

Note 10 – Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

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.

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.

For the years ended December 31, 2009 and 2008, the members of all three plans were required to contribute 10.0 percent of their annual covered salaries. The Village's contribution rate for pension benefits for 2009 and 2008 was 14.00 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

VILLAGE OF OBETZ, FRANKLIN COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2008 & 2009

The Village has paid all required contributions for pension obligations to the traditional and combined plans through December 31, 2009.

B. Ohio Police and Fire Pension Fund

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.

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 has paid all required contributions to the Fund through December 31, 2009. The Village has no firefighters.

Note 11 - Postemployment Benefits

A. Ohio Public Employees Retirement System

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 health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2009 and 2008 local government employer contribution rate was 14.00 percent of covered payroll; 7.0 percent of covered payroll was the portion that was used to fund health care from January 1, 2008 through March 30, 2009, and 5.5 percent was the portion used to fund health care from April 1, 2009 through December 31, 2009.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2008, include a rate of return on investments of 6.5 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care premiums were assumed to increase between .50 and 3.00 percent annually for the next eight years and 4.00 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12% corridor.

Based on the latest information available, the number of active contributing participants in the traditional and combined plans as of December 31, 2008 was 356,388. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2008 (the latest information available), was \$10.7 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.6 billion and \$18.9 billion, respectively.

VILLAGE OF OBETZ, FRANKLIN COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2008 & 2009

B. Ohio Police and Fire Pension Fund

The Ohio Police and Fire Pension Fund (OP&F) provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school or under the age of 23, if attending school full-time or on a 2/3 basis.

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in the latest available information, *GASB Statement No. 12*, dated February 2, 2010. The Ohio Revised Code provides that health care cost paid from the funds of OP&F shall be included in the employer's contribution rate. The total police employer contribution rate is 19.5% of covered payroll and the total firefighter employer contribution rate is 24% of covered payroll.

The Ohio Revised Code provides the statutory authority allowing OP&F's Board of Trustees to offer health care coverage to all eligible individuals.

Health care funding and accounting is on a pay-as-you go basis. A percentage of covered payroll, as defined by the Board, is used to pay retiree health care expenses. The Board defined allocation was 6.75% of covered payroll in 2008 and 6.75% of covered payroll in 2009. In addition, since July 1, 1992, most retirees and survivors were required to contribute a portion of the cost of their healthcare coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The OP&F's total health care expense for the year ended December 31, 2008 (the latest information available) was \$96,472,398, which was net of member contributions of \$56,948,977. The number of OP&F participants eligible to receive health care benefits as of December 31, 2008, was 32,394 for police.

VILLAGE OF OBETZ, FRANKLIN COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2008 & 2009

Note 12 – Debt

The Village's long-term debt activity for the years ended December 31, 2009 and 2008 was as follows:

	Interest Rate	Balance at 1/1/2008	Increase	Decrease	Balance at 12/31/2008	Due Within One Year
OWDA Loan #3006	6.12%	\$ 441,308	\$ -0-	\$ 35,658	\$ 405,650	\$ 38,840
OWDA Loan #3007	6.12%	774,286	-0-	62,562	711,724	66,391
OPWC Loan #CC909	0%	181,547	-0-	12,521	169,026	12,520
OPWC Loan #CT10H	0%	24,375	-0-	1,250	23,125	1,250
General Obligation Bonds 2001	2.55%	3,980,000	-0-	190,000	3,790,000	195,000
TIF Revenue Bond 2007	3.75%	5,735,000	-0-	-0-	5,735,000	110,000
Bond Anticipation Note 2007	3.48%	2,450,000	-0-	2,450,000	-0-	-0-
Bond Anticipation Note 2008	3.48%	-0-	2,200,000	-0-	2,200,000	350,000
Hamilton Township (Fire Truck)	4.60%	185,274	-0-	22,997	162,277	24,067
Madison Township (Fire Truck)	3.97%	177,867	-0-	22,540	155,327	23,435
Hamilton Local School District	0%	302,132	-0-	49,760	252,372	51,381
Groveport Madison Local School District	0%	<u>722,013</u>	<u>-0-</u>	<u>78,424</u>	<u>643,589</u>	<u>77,373</u>
Total		<u>14,973,802</u>	<u>\$ 2,200,000</u>	<u>\$ 2,925,712</u>	<u>\$14,248,090</u>	<u>\$950,257</u>

	Interest Rate	Balance at 1/1/2009	Increase	Decrease	Balance at 12/31/2009	Due Within One Year
OWDA Loan #3006	6.12%	\$ 405,650	\$ -0-	\$ 37,840	\$ 367,810	\$ 40,592
OWDA Loan #3007	6.12%	711,724	-0-	66,391	645,333	70,333
OPWC Loan #CC909	0%	169,026	-0-	6,260	162,766	6,261
OPWC Loan #CT10H	0%	23,125	-0-	625	22,500	625
General Obligation Bonds 2001	2.55%	3,790,000	-0-	195,000	3,595,000	200,000
TIF Revenue Bond 2007	3.75%	5,735,000	-0-	110,000	5,625,000	103,988
Bond Anticipation Note 2008	3.48%	2,200,000	-0-	2,200,000	-0-	-0-
Bond Anticipation Note 2009	3.48%	-0-	1,850,000	-0-	1,850,000	250,000
Hamilton Township (Fire Truck)	4.60%	162,277	-0-	24,067	138,210	25,186
Madison Township (Fire Truck)	3.97%	155,327	-0-	23,435	131,892	24,365
Hamilton Local School District	0%	252,372	-0-	51,381	200,991	53,002
Groveport Madison Local School District	0%	<u>643,589</u>	<u>-0-</u>	<u>77,373</u>	<u>566,216</u>	<u>78,424</u>
Total		<u>\$14,248,090</u>	<u>\$ 1,850,000</u>	<u>\$ 2,792,372</u>	<u>\$13,305,718</u>	<u>\$852,776</u>

The beginning loan balances of the OPWC loans were adjusted (decreased) as follows: loan #CC909 was decreased by \$18,933 to \$181,547 and loan # CT10H was decreased by \$625 to \$24,375.

The Ohio Water Development Authority (OWDA) loans relates to the construction of water and sewer lines at the Creekside Industrial Park. The loans will be repaid in semiannual installments over 16 years. These loans are collateralized by water and sewer receipts.

The Ohio Public Works Commission (OPWC) loan relates to engineering costs for the widening of Alum Creek Drive. This loan will be repaid in semiannual installments of \$6,261 over 20 years. This loan is collateralized by the full faith and credit of the Village.

In 2001, General Obligation Bonds totaling \$5,000,000 were issued to construct and equip municipal buildings. The bonds are being repaid over 20 years, including interest. The bonds are secured by the full faith and credit of the Village.

VILLAGE OF OBETZ, FRANKLIN COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2008 & 2009

At December 31, 2009 the Village had a Tax Increment Financing (TIF) Revenue Bond with outstanding balance of \$5,625,000 at 3.75% to construct and widen Toy Road. TIF Revenue Bond is backed by payments in lieu of taxes. The Village also had a note with outstanding balance of \$1,850,000 at 3.48% for various construction projects within the Village. The note is backed by the full faith and credit of the Village. The Village has the authority to issue bonded debt to retire this issue.

The Village settled a lawsuit with Groveport Madison Local Schools, Hamilton Local Schools, Madison Township and Hamilton Township. The lawsuit alleged that the Village unlawfully modified the Community Reinvestment Area and Agreement to the detriment of the Schools and Township. The Village, while not admitting to any wrongful acts, agreed to pay Groveport Madison Local Schools and Hamilton Local Schools, each year the amount the school districts would have received had no exemptions been issued. Payments continue until the County Auditor certifies that no residential dwelling is receiving an exemption. However the future amounts due can be adjusted for modifications to the either school districts property tax millage. The Village also agreed to pay the note and interest for fire trucks for each Township. The total amount paid shall not exceed \$25,000 per year plus interest.

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

Year	OWDA loans	OPWC loans	General Obligation Bonds	School Districts and Townships
2010	\$ 172,614	\$ 6,886	\$ 387,750	\$ 165,231
2011	172,614	12,521	385,913	165,231
2012	172,614	12,521	385,913	165,231
2013	172,614	12,521	385,913	165,231
2014	172,614	12,521	385,913	165,231
2015-2019	431,534	62,605	1,931,515	200,000
2020-2024	-0-	62,605	1,171,933	-0-
2025-2027	-0-	3,086	-0-	-0-
Totals	<u>\$1,294,604</u>	<u>\$185,266</u>	<u>\$5,034,850</u>	<u>\$1,026,155</u>

Note 13 – Interfund Transfers

During 2009 the Village made the following transfers:

From: Electric Operating Fund	\$ 150,000
From: Gas Operating Fund	<u>\$ 850,000</u>
To: General Fund	<u>\$ 1,000,000</u>
From: General Fund	<u>\$ 1,000,000</u>
To: Recreation Facility Fund	<u>\$ 1,000,000</u>

The Village made the above transfers in accordance with the **Ohio Revised Code**. The transfer from the Electric Operating and the Gas Operating funds to the General fund was:

- Authorized by the **Village Council**;
- Approved by the **Tax Commissioner**; and
- Ordered, Adjudged and Decreed by the **Court of Common Pleas of Franklin County, Ohio**, that the prayer of the petition (Village of Obetz) to transfer said funds, be granted.

VILLAGE OF OBETZ, FRANKLIN COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2008 & 2009

Note 14 – Jointly Governed Organizations

The Big Walnut Community Improvement Corporation (CIC) is a not-for profit corporation formed for the purpose of promoting economic development within the Village. The CIC is governed by a seven member board which includes the Mayor, Council President Pro Tem and Administrator of the Village. The primary asset of the CIC is a building; the CIC's primary revenue is rent from a lease of the building to the Columbus Crew Soccer Team.

The Obetz Convention and Visitor's Bureau (CVB) is governed by a seven member board which includes the Mayor, Council President Pro Tem and Administrator of the Village. The CVB receives half of the lodging tax levied by the Village which is to be used for the promotion and marketing of the region in which the Village is located.

Note 15 – Contingent Liabilities

The Internal Revenue Service has notified the Village of a \$372,000 charge that is pending for penalties and interest resulting from the late filing of informational reports back in 2004 and 2005. The Village will be meeting with the IRS to try to negotiate a settlement regarding this issue.

Rockefeller Building
614 W Superior Ave Ste 1242
Cleveland OH 44113-1306
Office phone - (216) 575-1630
Fax - (216) 436-2411

Charles E. Harris & Associates, Inc.
Certified Public Accountants

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

Village of Obetz, Franklin County
4975 Alum Creek Drive
Obetz, Ohio 43207

To the Village Council:

We have audited the financial statements of the Village of Obetz, Franklin County (the Village) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated February 1, 2011, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted that the Village changed its financial statement presentation. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Controls 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 auditing 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.

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 combination of deficiencies in internal control such that there is a reasonable possibility that material financial statement misstatements will not be prevented, or detected and timely corrected.

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. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings that we consider to be a significant deficiency in internal control over financial reporting, which is identified as finding 2009-VOFC-002. A significant deficiency is a deficiency, or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 grants 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 such an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2009-VOFC-001.

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, Council, and others within the Village. We intend it for no one other than these specified parties.

Charles E. Harris & Associates, Inc.

February 1, 2011

**VILLAGE OF OBETZ
FRANKLIN COUNTY**

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

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

**FINDING NUMBER 2009-VOFC-001
Noncompliance Citation**

Ohio Revised Code § 5705.36(A)(2) allows all subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources. **Ohio Revised Code § 5705.36(A)(4)** requires obtaining a reduced amended certificate if the amount of the deficiency will reduce available resources below the current level of appropriation.

The following funds had actual revenues which were less than budgeted revenues for the year ended December 31, 2009 in the following amounts:

Fund	Variance
Special Revenue Funds:	
Parks and Recreation Fund	\$ (26,100)
Athletics and Concessions Fund	(77,250)
Toy Road TIF Construction Fund	(19,576)
Debt Service Fund:	
General Bond Retirement Fund	(3,958,403)
Capital Project Fund:	
West Side Storm Sewer and Road Project Fund	(9,204)
Enterprise Funds:	
Water Operating Fund	(831,466)
Gas Operating Fund	(1,773,478)
Sewer Improvement Fund	(402,925)

The following funds had actual revenues which were less than budgeted revenues for the year ended December 31, 2008 in the following amounts:

Fund	Variance
Special Revenue Funds:	
Parks and Recreation Fund	\$ (82,755)
Athletics and Concessions Fund	(60,888)
Toy Road TIF Construction Fund	(23,140)

Management Response:

Council will monitor estimated receipts against actual receipts so that the Village can avoid appropriating in excess of its total estimated resources.

**VILLAGE OF OBETZ
FRANKLIN COUNTY**

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

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

**FINDING NUMBER 2009-VOFC-002
Significant Deficiency**

Incorrect Accounting Transactions

During the audit of the Village's financial records for the years ended December 31, 2009 and 2008 we noted a number of transactions incorrectly recorded and a number of receipts and disbursements incorrectly reported in the annual financial reports. The financial statements have been adjusted and reclassified to present the accounting information correctly and the Village has agreed with the required reclassifications. Below is a listing of the various erroneous accounting transactions:

- Debt Service, for 2009 and 2008, was included in General Government;
- Debt Service, for 2009 and 2008, combined principal reduction with interest and fiscal charges;
- Intergovernmental receipts, for 2008, were included with Miscellaneous;
- Investment balances, premiums, discounts, accrued interests, and interest receipts were inconsistent with the Village's investment policy.

We recommend that the Village closely follow the Village Officer's Handbook and the Ohio Revised Code when recording transactions. We also recommend that the Fiscal Officer contact the Auditor of State for additional guidance as needed.

Management Response:

We will closely follow the Village Officer's Handbook and the Ohio Revised Code when recording transactions and will seek additional guidance as needed. The Village management adjusted 2010 beginning investment balances, premiums, discounts, and accrued interests.

**VILLAGE OF OBETZ
FRANKLIN COUNTY**

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

FINDING NUMBER	FUNDING SUMMARY	FULLY CORRECTED?	Not Corrected. Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2007-VOFC-001	Contrary to Ohio Rev. Code §5705.36 ; the Village did not amend certificates of estimated resources to prevent available resources reduce below current level of appropriation.	No	Citation re-issued as finding number 2009-VOFC-001.
2007-VOFC-002	The Mayor's Court checking account bank reconciliation was not performed on a monthly basis.	Yes	



Dave Yost • Auditor of State

VILLAGE OF OBETZ

FRANKLIN 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
APRIL 12, 2011