

**VILLAGE OF SUNBURY**

DELAWARE COUNTY

**INDEPENDENT ACCOUNTANTS' REPORT**

FOR THE YEARS ENDED  
DECEMBER 31, 2011 AND DECEMBER 31, 2010

Varney, Fink & Associates, Inc.  
Certified Public Accountants





# Dave Yost • Auditor of State

Village Council  
Village of Sunbury  
9 East Granville Street  
Sunbury, Ohio 43074

We have reviewed the *Independent Auditor's Report* of the Village of Sunbury, Delaware County, prepared by Varney, Fink & Associates, Inc., for the audit period January 1, 2010 through December 31, 2011. 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 Sunbury is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

November 3, 2012

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**VILLAGE OF SUNBURY, OHIO  
DELAWARE COUNTY  
FOR THE YEARS ENDED  
DECEMBER 31, 2011 AND DECEMBER 31, 2010**

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**INDEPENDENT ACCOUNTANTS' REPORT**

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

To the Village Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Sunbury Delaware County, Ohio (the Village), as of and for the years ended December 31, 2011 and 2010, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Sunbury, Delaware County, Ohio, as of December 31, 2011 and 2010, and the respective changes in cash financial position, and the respective budgetary comparison for the General and Street Funds for the years then ended in conformity with the accounting basis Note 2 describes.

As described in Note 2, during 2010 the Village adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2012 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

We conducted our audit to opine on the Village's financial statements taken as a whole. Management's Discussion & Analysis includes tables of net assets, changes in net assets and governmental activities. These tables provide additional information, but are not part of the basic financial statements. However these tables are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These tables were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.

*Varney, Fink & Associates*

Varney, Fink and Associates  
Certified Public Accountants

June 19, 2012

**VILLAGE OF SUNBURY  
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010  
UNAUDITED**

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This discussion and analysis of the Village of Sunbury's financial performance provides an overall review of the Village of Sunbury's financial activities for the years ended December 31, 2011 and 2010, within the limitations of the Village of Sunbury's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village of Sunbury's financial performance.

**Highlights**

Key highlights for 2011 were as follows:

Net assets of governmental activities increased \$390,717 or 13.22 percent as compared to 2010. The primary reason was a reduction in disbursements.

Net assets of business type activities decreased \$119,672 or 4.32 percent as compared to 2010. The primary reason for the decrease in cash balance was due to decreased amount of charges for services.

The Village had \$5,749,595 in disbursements during 2011 related to governmental activities.

Key highlights for 2010 were as follows:

Net assets of governmental activities increased \$870,438 or 41.8 percent as compared to 2009. The primary reason for the increase in cash balance was due to income tax collections from a lottery winner and decreased general government disbursements.

Net assets of business type activities increased \$363,696 or 15.1 percent as compared to 2009. The primary reason for the increase in cash balance was due to the increased amount of charges for services.

The Village had \$5,547,416 in disbursements during 2010 related to governmental activities.

**Using the Basic Financial Statements**

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

**Report Components**

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

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

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

**VILLAGE OF SUNBURY  
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010  
UNAUDITED**

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**Basis of Accounting**

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

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

**Reporting the Village of Sunbury as a Whole**

The statement of net assets and the statement of activities reflect how the Village of Sunbury did financially during 2011 and 2010, within the limitations of cash basis accounting. The statement of net assets presents the cash balances of the governmental and business-type activities of the Village of Sunbury at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Village of Sunbury's general receipts.

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

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

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

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

**VILLAGE OF SUNBURY  
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010  
UNAUDITED**

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**Reporting the Village of Sunbury's Most Significant Funds**

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

Governmental Funds - Most of the Village of Sunbury's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village of Sunbury's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Village of Sunbury's major governmental funds are the General Fund, Street Fund, and Sunbury Mills Plaza TIF 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 of Sunbury charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Village of Sunbury has two major enterprise funds, the water fund and the sewer fund.

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

**VILLAGE OF SUNBURY  
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
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**The Village of Sunbury as a Whole**

Table 1 provides a summary of the Village of Sunbury's net assets for 2011 compared to 2010 and 2009 on a cash basis:

**(Table 1)  
Net Assets**

	Governmental Activities			Business-Type Activities		
	2011	2010	2009	2011	2010	2009
<b>Assets</b>						
Cash and Cash Equivalents	<u>\$3,344,857</u>	<u>\$2,954,140</u>	<u>\$2,083,702</u>	<u>\$2,648,721</u>	<u>\$2,768,393</u>	<u>\$2,404,697</u>
Total Assets	<u><u>\$3,344,857</u></u>	<u><u>\$2,954,140</u></u>	<u><u>\$2,083,702</u></u>	<u><u>\$2,648,721</u></u>	<u><u>\$2,768,393</u></u>	<u><u>\$2,404,697</u></u>
<b>Net Assets</b>						
Restricted for:						
Capital Outlay	\$174,879	\$169,907	\$266,886	\$0	\$0	\$0
Debt Service	881	754	0	0	0	0
Other Purposes	849,243	770,706	688,778	0	0	0
Unrestricted	<u>2,319,854</u>	<u>2,012,773</u>	<u>1,128,038</u>	<u>2,648,721</u>	<u>2,768,393</u>	<u>2,404,697</u>
Total Net Assets	<u><u>\$3,344,857</u></u>	<u><u>\$2,954,140</u></u>	<u><u>\$2,083,702</u></u>	<u><u>\$2,648,721</u></u>	<u><u>\$2,768,393</u></u>	<u><u>\$2,404,697</u></u>

**VILLAGE OF SUNBURY  
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010  
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Table 2 reflects the changes in net assets on a cash basis in 2011 compared to 2010 and 2009 for governmental activities, business-type activities, and total primary government.

(Table 2)

**Governmental Activities**

	Governmental Activities			Business-Type Activities		
	2011	2010	2009	2011	2010	2009
Receipts:						
Program Receipts:						
Charges for Services and Sales	\$229,914	\$273,036	\$423,052	\$1,044,121	\$1,335,252	\$715,867
Operating Grants and Contributions	16,950	45,649	253,491	0	0	0
Capital Grants and Contributions	0	168,954	324,932	0	0	0
Total Program Receipts	<u>246,864</u>	<u>487,639</u>	<u>1,001,475</u>	<u>1,044,121</u>	<u>1,335,252</u>	<u>715,867</u>
General Receipts:						
Property and Other Local Taxes	253,459	255,300	325,107	0	0	0
Income Taxes	2,479,554	2,320,751	1,625,056	0	0	0
Unrestricted grants	434,277	523,861	149,897	0	0	0
Payments in Lieu of Taxes	93,788	6,494	0	0	0	0
Bonds Issued	0	0	130,000	0	0	0
Notes Issued	2,503,600	2,688,000	2,794,000	0	498,000	516,000
Premium on Debt Issue	1,321	1,645	19,922	0	304	3,679
Interest	14,066	5,010	13,621	0	0	0
Miscellaneous	74,734	68,987	42,646	0	0	0
Cable Franchise Fee	14,864	21,215	0	0	0	0
Sale of Capital Assets	10,992	0	0	0	0	0
Total General Receipts	<u>5,880,655</u>	<u>5,891,263</u>	<u>5,100,249</u>	<u>0</u>	<u>498,304</u>	<u>519,679</u>
Total Receipts	<u>6,127,519</u>	<u>6,378,902</u>	<u>6,101,724</u>	<u>1,044,121</u>	<u>1,833,556</u>	<u>1,235,546</u>
Disbursements:						
General Government	544,941	541,562	595,962	0	0	0
Security of Persons and Property	1,064,182	1,012,752	1,043,563	0	0	0
Public Health Services	22,248	13,934	12,252	0	0	0
Leisure Time Activities	32,174	22,349	13,282	0	0	0
Community Environment	109,467	129,344	150,091	0	0	0
Transportation	568,400	491,468	434,450	0	0	0
Miscellaneous	0	0	1,862	0	0	0
Capital Outlay	132,312	390,315	1,185,772	0	0	0
Debt Service	2,783,078	2,906,740	2,738,136	0	0	0
Water	0	0	0	22,895	0	0
Sewer	0	0	0	1,620,898	1,469,860	1,605,029
Enterprise Deposit Fund	0	0	0	0	0	26
Total Disbursements	<u>5,256,802</u>	<u>5,508,464</u>	<u>6,175,370</u>	<u>1,643,793</u>	<u>1,469,860</u>	<u>1,605,055</u>
Excess (Deficiency) Before Transfers						
Transfers	<u>(480,000)</u>	<u>0</u>	<u>62,378</u>	<u>480,000</u>	<u>0</u>	<u>(62,378)</u>
Increase (Decrease) in Net Assets	390,717	870,438	(11,268)	(119,672)	363,696	(431,887)
Net Assets, Beginning of Year	<u>2,954,140</u>	<u>2,083,702</u>	<u>2,094,970</u>	<u>2,768,393</u>	<u>2,404,697</u>	<u>2,836,584</u>
Net Assets, End of Year	<u><u>\$3,344,857</u></u>	<u><u>\$2,954,140</u></u>	<u><u>\$2,083,702</u></u>	<u><u>\$2,648,721</u></u>	<u><u>\$2,768,393</u></u>	<u><u>\$2,404,697</u></u>

**VILLAGE OF SUNBURY  
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010  
UNAUDITED**

In 2011, 82.0 percent and in 2010, 77.80 percent of the Village's total receipts were from general receipts, consisting mainly of local tax, income tax, and notes issued. Program receipts accounted for 18 percent of total receipts in 2011 and 22.2 percent in 2010. These receipts consist primarily of restricted intergovernmental receipts such as motor vehicle license and gas tax, building permits, inspection fees, sewer user fees, and charges to a nearby government for police services provided under contract.

**Governmental Activities**

If you look at the Statement of Activities for 2011 and 2010 you will see that the first column lists the major disbursements of the Village. In 2011 the major program disbursements for governmental activities were: debt service and security of persons and property, which each accounted for 51.52 and 20.24 percent of all governmental disbursements, respectively. In 2010, the major program disbursements for governmental activities were: debt service and security of persons and property, which each accounted for 50.93 percent and 18.39 percent of all governmental disbursements, respectively. The next two columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants and contributions received by the Village that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local townships and municipalities, taxpayers, state subsidies, and cash balances of grant and fee programs. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

**Governmental Activities**

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2011	2011	2010	2010
General Government	\$544,941	(\$479,413)	\$541,562	(\$432,351)
Security of Persons and Property	1,064,182	(984,566)	1,012,752	(908,504)
Public Health Services	22,248	13,951	13,934	13,413
Leisure Time Activities	32,174	(32,174)	22,349	(22,349)
Community Environment	109,467	(101,628)	129,344	(116,499)
Transportation	568,400	(530,770)	491,468	(442,955)
Capital Outlay	132,312	(132,312)	390,315	(221,320)
Debt Service	2,783,078	(2,763,026)	2,906,740	(2,890,260)
Total Expenses	<u>\$5,256,802</u>	<u>(\$5,009,938)</u>	<u>\$5,508,464</u>	<u>(\$5,020,825)</u>

In 2011, approximately 95.3 percent and in 2010 approximately 91.15 percent of total costs are supported through property taxes, unrestricted grants, and other general receipts.

**VILLAGE OF SUNBURY  
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010  
UNAUDITED**

(Table 3)

**Business-type Activities**

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2011	2011	2010	2010
Water	\$22,895	(\$22,895)	\$0	\$0
Sewer	1,620,898	(576,777)	1,469,860	(134,608)
Total Expenses	\$1,643,793	(\$599,672)	\$1,469,860	(\$134,608)

In 2011 and 2010, 36.48 percent of costs related to business-type activities are covered by debt proceeds. In 2010, 9.16 percent of costs related to business-type activities are covered by a transfer in from the general fund.

**The Village of Sunbury's Funds**

In 2011, the General Fund had receipts of \$4,507,964 and disbursements of \$4,200,893. The fund balance increased due to a reduction of expenses.

In 2010, the General Fund had receipts of \$4,674,548 and disbursements of \$3,789,813. The fund balance of the General Fund increased \$884,735 due to an increase in income tax collections and a reduction in disbursements.

**General Fund Budgeting Highlights**

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

During both 2011 and 2010, the Village amended its General Fund budget several times to reflect changing circumstances. Actual receipts in 2011 were less than budgeted due to income taxes received being less than anticipated. Actual disbursements were also less than anticipated in 2011.

In 2010, income tax collections received were greater than budgeted and disbursements were less than budgeted due mainly to a reduction in general government costs.

**Capital Assets and Debt Administration**

**Capital Assets**

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

**VILLAGE OF SUNBURY  
DELAWARE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010  
UNAUDITED**

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Debt

At December 31, 2011, the Village of Sunbury's outstanding debt included \$17,099 to OPWC for improvements to sewer plant; \$6,872,802 in an OWDA loan for the construction of a new sanitary sewer plant and prior loans; \$141,100 in a G.O. Bonds which was used for the Showa TIF/Kintner Parkway project which will be repaid by revenue from special assessments; \$118,400 in G. O. Bonds which was used to finance the purchase of cemetery land to be used for a driveway into the cemetery; and \$2,503,600 in a promissory note to be used for various governmental and business type activities.

At December 31, 2010, the Village of Sunbury's outstanding debt included \$21,374 to OPWC for improvements to sewer plant; \$7,055,440 in an OWDA loan for the construction of a new sanitary sewer plant and prior loans; and \$155,400 in a G.O. Bonds which was used for the Showa TIF/Kintner Parkway project which will be repaid by revenue from special assessments and \$3,186,000 in a promissory note to be used for various governmental and business type activities.

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

Current Issues

**Housing Development**

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

A major developer is contractually committed to purchasing 763 sewer tap fees at a rate of 75 taps per year for 10 years and the remainder in the 11<sup>th</sup> year. Initial price of each tap was \$5,630 with a provision in the contract allowing for price changes after the third anniversary as established by ordinance for all similar sanitary sewer tap users in the Village. It was anticipated that, between this developer and others that were talking about and planning new developments, tap fees would be adequate to service the debt. The developer has paid for the first 300 tap fees (2005 thru 2008). In 2009, the developer asked the Village to lengthen the period of time over which it would pay for its 763 taps due to the recent recession. The developer did not pay for 75 taps in 2009 which totaled \$434,925 at the new rate of \$5,799 per tap. Negotiations are ongoing with the developer at this time.

New Housing Permits in the Village have been as follows:

<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
30	19	17	26	37	34	19

**Contacting the Village of Sunbury's Financial Management**

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

**Village of Sunbury, Ohio**  
*Delaware County*  
*Statement of Net Assets - Cash Basis*  
*December 31, 2011*

	Governmental Activities	Business - Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$3,344,857	\$2,648,721	\$5,993,578
<i>Total Assets</i>	<u>\$3,344,857</u>	<u>\$2,648,721</u>	<u>\$5,993,578</u>
<b>Net Assets</b>			
Restricted for:			
Capital Projects	\$174,879	\$0	\$174,879
Debt Service	881	0	881
Other Purposes	849,243	0	849,243
Unrestricted	2,319,854	2,648,721	4,968,575
<i>Total Net Assets</i>	<u>\$3,344,857</u>	<u>\$2,648,721</u>	<u>\$5,993,578</u>

See accompanying notes to the basic financial statements

**Village of Sunbury, Ohio**  
*Delaware County*  
*Statement of Activities - Cash Basis*  
*For the Year Ended December 31, 2011*

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets		Total
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
<b>Governmental Activities</b>							
Current:							
Security of Persons and Property	\$1,064,182	\$79,616	\$0	\$0	(\$984,566)	\$0	(\$984,566)
Public Health Services	22,248	36,199	0	0	13,951	0	13,951
Leisure Time Activities	32,174	0	0	0	(32,174)	0	(32,174)
Community Environment	109,467	7,839	0	0	(101,628)	0	(101,628)
Transportation	568,400	37,630	0	0	(530,770)	0	(530,770)
General Government	544,941	48,578	16,950	0	(479,413)	0	(479,413)
Capital Outlay	132,312	0	0	0	(132,312)	0	(132,312)
Debt Service:							
Principal Retirement	2,708,200	20,052	0	0	(2,688,148)	0	(2,688,148)
Interest and Fiscal Charges	74,878	0	0	0	(74,878)	0	(74,878)
<i>Total Governmental Activities</i>	<u>5,256,802</u>	<u>229,914</u>	<u>16,950</u>	<u>0</u>	<u>(5,009,938)</u>	<u>0</u>	<u>(5,009,938)</u>
<b>Business-Type Activities</b>							
Sewer	1,620,898	1,044,121	0	0	0	(576,777)	(576,777)
Water	22,895	0	0	0	0	(22,895)	(22,895)
<i>Total Business-Type Activities</i>	<u>1,643,793</u>	<u>1,044,121</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(599,672)</u>	<u>(599,672)</u>
<i>Total Primary Government</i>	<u>\$6,900,595</u>	<u>\$1,274,035</u>	<u>\$16,950</u>	<u>\$0</u>	<u>(5,009,938)</u>	<u>(599,672)</u>	<u>(5,609,610)</u>
General Receipts:							
Property Taxes Levied for:							
General Purposes					253,459	0	253,459
Income Taxes					2,479,554	0	2,479,554
Payments in Lieu of Taxes					93,788	0	93,788
Grants and Entitlements not Restricted to Specific Programs					434,277	0	434,277
Sale of Notes					2,503,600	0	2,503,600
Premium and Accrued Interest on Debt					1,321	0	1,321
Sale of Capital Assets					10,992	0	10,992
Cable Franchise Fees					14,864	0	14,864
Earnings on Investments					14,066	0	14,066
Miscellaneous					74,734	0	74,734
Transfers					(480,000)	480,000	0
<i>Total General Receipts and Transfers</i>					<u>5,400,655</u>	<u>480,000</u>	<u>5,880,655</u>
Change in Net Assets					390,717	(119,672)	271,045
<i>Net Assets Beginning of Year</i>					<u>2,954,140</u>	<u>2,768,393</u>	<u>5,722,533</u>
<i>Net Assets End of Year</i>					<u>\$3,344,857</u>	<u>\$2,648,721</u>	<u>\$5,993,578</u>

See accompanying notes to the basic financial statements

**Village of Sunbury, Ohio**  
*Delaware County*  
**Statement of Assets and Fund Balances - Cash Basis**  
*Governmental Funds*  
 December 31, 2011

	General	Street Fund	Sunbury Mills TIF Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$2,319,854	\$404,776	\$89,739	\$530,488	\$3,344,857
<i>Total Assets</i>	<u>\$2,319,854</u>	<u>\$404,776</u>	<u>\$89,739</u>	<u>\$530,488</u>	<u>\$3,344,857</u>
<b>Fund Balances</b>					
Restricted	\$0	\$404,776	\$89,739	\$400,217	\$894,732
Committed	0	0	0	129,390	129,390
Assigned	13,309	0	0	881	14,190
Unassigned	2,306,545	0	0	0	2,306,545
<i>Total Fund Balances</i>	<u>\$2,319,854</u>	<u>\$404,776</u>	<u>\$89,739</u>	<u>\$530,488</u>	<u>\$3,344,857</u>

See accompanying notes to the basic financial statements

**Village of Sunbury, Ohio**  
*Delaware County*  
*Statement of Receipts, Disbursements and Changes Fund Balances - Cash Basis*  
*Governmental Funds*  
*For the Year Ended December 31, 2011*

	General	Street Fund	Sunbury Mills TIF Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>					
Municipal Income Taxes	\$2,479,554	\$0	\$0	\$0	\$2,479,554
Property and Other Local Taxes	253,459	0	0	0	253,459
Charges for Services	0	0	0	36,199	36,199
Fines, Licenses and Permits	175,196	0	0	13,330	188,526
Intergovernmental	256,029	180,559	87,318	21,110	545,016
Special Assessments	11,552	0	0	8,500	20,052
Interest	12,815	947	0	304	14,066
Miscellaneous	50,190	0	0	24,544	74,734
<i>Total Receipts</i>	<u>3,238,795</u>	<u>181,506</u>	<u>87,318</u>	<u>103,987</u>	<u>3,611,606</u>
<b>Disbursements</b>					
Current:					
Security of Persons and Property	1,064,182	0	0	0	1,064,182
Public Health Services	0	0	0	22,248	22,248
Leisure Time Activities	0	0	0	32,174	32,174
Community Environment	109,467	0	0	0	109,467
Transportation	525,495	42,905	0	0	568,400
General Government	539,857	0	4,808	276	544,941
Capital Outlay	0	55,047	70,739	6,526	132,312
Debt Service:					
Principal Retirement	1,435,100	0	1,000,000	273,100	2,708,200
Interest and Fiscal Charges	33,989	0	23,684	17,205	74,878
<i>Total Disbursements</i>	<u>3,708,090</u>	<u>97,952</u>	<u>1,099,231</u>	<u>351,529</u>	<u>5,256,802</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(469,295)</u>	<u>83,554</u>	<u>(1,011,913)</u>	<u>(247,542)</u>	<u>(1,645,196)</u>
<b>Other Financing Sources (Uses)</b>					
Sale of Notes	1,268,500	0	1,000,000	235,100	2,503,600
Premium on Notes	669	0	528	124	1,321
Sale of Assets	0	0	0	10,992	10,992
Transfers In	0	0	0	12,793	12,793
Transfers Out	(492,793)	0	0	0	(492,793)
<i>Total Other Financing Sources (Uses)</i>	<u>776,376</u>	<u>0</u>	<u>1,000,528</u>	<u>259,009</u>	<u>2,035,913</u>
<i>Net Change in Fund Balances</i>	307,081	83,554	(11,385)	11,467	390,717
<i>Fund Balances Beginning of Year</i>	<u>2,012,773</u>	<u>321,222</u>	<u>101,124</u>	<u>519,021</u>	<u>2,954,140</u>
<i>Fund Balances End of Year</i>	<u>\$2,319,854</u>	<u>\$404,776</u>	<u>\$89,739</u>	<u>\$530,488</u>	<u>\$3,344,857</u>

See accompanying notes to the basic financial statements

**Village of Sunbury**  
*Delaware County*  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2011*

	Budgeted Amounts		Actual
	Original	Final	
<b>Receipts</b>			
Municipal Income Taxes	\$1,674,750	\$3,020,922	\$2,479,554
Property and Other Local Taxes	284,942	313,203	253,459
Fines, Licenses and Permits	192,700	290,000	175,196
Intergovernmental	156,279	125,064	256,029
Special Assessments	0	24,000	11,552
Interest	0	1,000	12,815
Miscellaneous	24,000	24,000	50,190
<i>Total Receipts</i>	<u>2,332,671</u>	<u>3,798,189</u>	<u>3,238,795</u>
<b>Disbursements</b>			
Current:			
Security of Persons and Property	1,085,596	1,158,245	1,064,182
Community Environment	159,814	159,814	109,467
Transportation	575,804	575,804	525,495
General Government	733,160	731,160	539,857
Debt Service:			
Principal Retirement	1,535,483	1,535,483	1,435,100
Interest and Fiscal Charges	40,982	40,982	33,989
<i>Total Disbursements</i>	<u>4,130,839</u>	<u>4,201,488</u>	<u>3,708,090</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(1,798,168)</u>	<u>(403,299)</u>	<u>(469,295)</u>
<b>Other Financing Sources (Uses)</b>			
Sale of Notes	1,337,700	2,307,124	1,268,500
Premium on Notes	0	0	669
Transfers Out	(148,477)	(492,793)	(492,793)
<i>Total Other Financing Sources (Uses)</i>	<u>1,189,223</u>	<u>1,814,331</u>	<u>776,376</u>
<i>Net Change in Fund Balance</i>	(608,945)	1,411,032	307,081
<i>Fund Balance Beginning of Year</i>	2,012,773	2,012,773	2,012,773
Prior Year Encumbrances Appropriated	27,057	27,057	27,057
<i>Fund Balance End of Year</i>	<u>\$1,430,885</u>	<u>\$3,450,862</u>	<u>\$2,346,911</u>

See accompanying notes to the basic financial statements

**Village of Sunbury**  
*Delaware County*  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*Street Fund*  
*For the Year Ended December 31, 2011*

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	
<b>Receipts</b>			
Intergovernmental	\$179,800	\$179,800	\$180,559
Interest	200	200	947
<i>Total Receipts</i>	<u>180,000</u>	<u>180,000</u>	<u>181,506</u>
<b>Disbursements</b>			
Current:			
Transportation	45,500	45,500	42,905
Capital Outlay	<u>135,200</u>	<u>135,200</u>	<u>55,047</u>
<i>Total Disbursements</i>	<u>180,700</u>	<u>180,700</u>	<u>97,952</u>
<i>Net Change in Fund Balance</i>	(700)	(700)	83,554
<i>Fund Balance Beginning of Year</i>	243,436	243,436	321,222
Prior Year Encumbrances Appropriated	<u>200</u>	<u>200</u>	<u>200</u>
<i>Fund Balance End of Year</i>	<u><u>\$242,936</u></u>	<u><u>\$242,936</u></u>	<u><u>\$404,976</u></u>

See accompanying notes to the basic financial statements

**Village of Sunbury, Ohio**  
*Delaware County*  
*Statement of Fund Net Assets - Cash Basis*  
*Proprietary Funds*  
*December 31, 2011*

	Business-Type Activities			Total Enterprise Funds
	Water Enterprise Fund	Sewer Enterprise Fund	Other Enterprise Fund	
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$437,374	\$2,178,596	\$32,751	\$2,648,721
<i>Total Assets</i>	<u>\$437,374</u>	<u>\$2,178,596</u>	<u>\$32,751</u>	<u>\$2,648,721</u>
<b>Net Assets</b>				
Unrestricted	\$437,374	\$2,178,596	\$32,751	\$2,648,721
<i>Total Net Assets</i>	<u>\$437,374</u>	<u>\$2,178,596</u>	<u>\$32,751</u>	<u>\$2,648,721</u>

See accompanying notes to the basic financial statements

**Village of Sunbury, Ohio**  
*Delaware County*  
*Statement of Receipts, Disbursements and Changes in Fund Net Assets - Cash Basis*  
*Proprietary Funds*  
*For the Year Ended December 31, 2011*

	Business-Type Activities			Total Enterprise Funds
	Water Enterprise Fund	Sewer Enterprise Fund	Other Enterprise Fund	
<b>Operating Receipts</b>				
Charges for Services	\$0	\$1,044,121	\$0	\$1,044,121
<i>Total Operating Receipts</i>	<u>0</u>	<u>1,044,121</u>	<u>0</u>	<u>1,044,121</u>
<b>Operating Disbursements</b>				
Personal Services	0	201,290	0	201,290
Fringe Benefits	0	97,426	0	97,426
Contractual Services	0	147,792	0	147,792
Materials and Supplies	22,895	108,538	0	131,433
<i>Total Operating Disbursements</i>	<u>22,895</u>	<u>555,046</u>	<u>0</u>	<u>577,941</u>
<i>Operating Income (Loss)</i>	<u>(22,895)</u>	<u>489,075</u>	<u>0</u>	<u>466,180</u>
<b>Non-Operating Receipts (Disbursements)</b>				
Capital Outlay	0	(75,150)	0	(75,150)
Principal Retirement	0	(684,913)	0	(684,913)
Interest and Other Fiscal Charges	0	(305,789)	0	(305,789)
Transfers-In	0	480,000	0	480,000
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>0</u>	<u>(585,852)</u>	<u>0</u>	<u>(585,852)</u>
<i>Change in Net Assets</i>	<u>(22,895)</u>	<u>(96,777)</u>	<u>0</u>	<u>(119,672)</u>
<i>Net Assets Beginning of Year</i>	<u>460,269</u>	<u>2,275,373</u>	<u>32,751</u>	<u>2,768,393</u>
<i>Net Assets End of Year</i>	<u><u>\$437,374</u></u>	<u><u>\$2,178,596</u></u>	<u><u>\$32,751</u></u>	<u><u>\$2,648,721</u></u>

See accompanying notes to the basic financial statements

**Village of Sunbury, Ohio**  
*Delaware County*  
*Statement of Fiduciary Net Assets - Cash Basis*  
*Fiduciary Funds*  
*December 31, 2011*

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	<u>Private Purpose Trust</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$7,542</u>
<b>Net Assets</b>	
Restricted by Donor	<u>\$7,542</u>

See accompanying notes to the basic financial statements

**Village of Sunbury, Ohio**  
*Delaware County*  
*Statement of Changes in Fiduciary Net Assets - Cash Basis*  
*Fiduciary Funds*  
*For the Year Ended December 31, 2011*

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	<u>Private Purpose Trust</u>
<i>Change in Net Assets</i>	\$0
<i>Net Assets Beginning of Year</i>	<u>7,542</u>
<i>Net Assets End of Year</i>	<u><u>\$7,542</u></u>

See accompanying notes to the basic financial statements

**Village of Sunbury, Ohio**  
*Delaware County*  
*Statement of Net Assets - Cash Basis*  
*December 31, 2010*

	Governmental Activities	Business - Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$2,954,140	\$2,768,393	\$5,722,533
<i>Total Assets</i>	<u>\$2,954,140</u>	<u>\$2,768,393</u>	<u>\$5,722,533</u>
<b>Net Assets</b>			
Restricted for:			
Capital Projects	\$169,907	\$0	\$169,907
Debt Service	754	0	754
Other Purposes	770,706	0	770,706
Unrestricted	2,012,773	2,768,393	4,781,166
<i>Total Net Assets</i>	<u>\$2,954,140</u>	<u>\$2,768,393</u>	<u>\$5,722,533</u>

See accompanying notes to the basic financial statements

**Village of Sunbury, Ohio**  
*Delaware County*  
**Statement of Activities - Cash Basis**  
*For the Year Ended December 31, 2010*

	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
<b>Governmental Activities</b>							
Current:							
Security of Persons and Property	\$1,012,752	\$104,248	\$0	\$0	(\$908,504)	\$0	(\$908,504)
Public Health Services	13,934	27,347	0	0	13,413	0	13,413
Leisure Time Activities	22,349	0	0	0	(22,349)	0	(22,349)
Community Environment	129,344	12,845	0	0	(116,499)	0	(116,499)
Transportation	491,468	48,513	0	0	(442,955)	0	(442,955)
General Government	541,562	63,562	45,649	0	(432,351)	0	(432,351)
Capital Outlay	390,315	41	0	168,954	(221,320)	0	(221,320)
Debt Service:							
Principal Retirement	2,805,300	16,480	0	0	(2,788,820)	0	(2,788,820)
Interest and Fiscal Charges	101,440	0	0	0	(101,440)	0	(101,440)
<i>Total Governmental Activities</i>	<u>5,508,464</u>	<u>273,036</u>	<u>45,649</u>	<u>168,954</u>	<u>(5,020,825)</u>	<u>0</u>	<u>(5,020,825)</u>
<b>Business-Type Activities</b>							
Sewer	1,469,860	1,335,252	0	0	0	(134,608)	(134,608)
<i>Total Business-Type Activities</i>	<u>1,469,860</u>	<u>1,335,252</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(134,608)</u>	<u>(134,608)</u>
<i>Total Primary Government</i>	<u>\$6,978,324</u>	<u>\$1,608,288</u>	<u>\$45,649</u>	<u>\$168,954</u>	<u>(5,020,825)</u>	<u>(134,608)</u>	<u>(5,155,433)</u>
General Receipts:							
Property Taxes Levied for:							
General Purposes							
					255,300	0	255,300
Municipal Income Taxes							
					2,320,751	0	2,320,751
Payments in Lieu of Taxes							
					6,494	0	6,494
Grants and Entitlements not Restricted to Specific Program							
					523,861	0	523,861
Sale of Notes							
					2,688,000	498,000	3,186,000
Premium and Accrued Interest on Debt							
					1,645	304	1,949
Cable Franchise Fees							
					21,215	0	21,215
Earnings on Investments							
					5,010	0	5,010
Miscellaneous							
					68,987	0	68,987
<i>Total General Receipts</i>					<u>5,891,263</u>	<u>498,304</u>	<u>6,389,567</u>
Change in Net Assets					870,438	363,696	1,234,134
<i>Net Assets Beginning of Year</i>					<u>2,083,702</u>	<u>2,404,697</u>	<u>4,488,399</u>
<i>Net Assets End of Year</i>					<u>\$2,954,140</u>	<u>\$2,768,393</u>	<u>\$5,722,533</u>

See accompanying notes to the basic financial statements

**Village of Sunbury, Ohio**  
*Delaware County*  
**Statement of Assets and Fund Balances - Cash Basis**  
*Governmental Funds*  
 December 31, 2010

	General	Street Fund	Sunbury Mills TIF Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$2,012,773	\$321,222	\$101,124	\$519,021	\$2,954,140
<i>Total Assets</i>	<u>\$2,012,773</u>	<u>\$321,222</u>	<u>\$101,124</u>	<u>\$519,021</u>	<u>\$2,954,140</u>
<b>Fund Balances</b>					
Restricted	\$0	\$321,222	\$101,124	\$398,907	\$821,253
Committed	0	0	0	119,360	119,360
Assigned	27,057	0	0	754	27,811
Unassigned	1,985,716	0	0	0	1,985,716
<i>Total Fund Balances</i>	<u>\$2,012,773</u>	<u>\$321,222</u>	<u>\$101,124</u>	<u>\$519,021</u>	<u>\$2,954,140</u>

See accompanying notes to the basic financial statements

**Village of Sunbury, Ohio**  
*Delaware County*  
**Statement of Receipts, Disbursements and Changes Fund Balances - Cash Basis**  
*Governmental Funds*  
**For the Year Ended December 31, 2010**

	General	Street Fund	Sunbury Mills TIF Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>					
Municipal Income Taxes	\$2,320,751	\$0	\$0	\$0	\$2,320,751
Property and Other Local Taxes	255,300	0	0	0	255,300
Charges for Services	0	0	0	27,347	27,347
Fines, Licenses and Permits	236,689	0	0	13,736	250,425
Intergovernmental	375,563	179,307	0	190,086	744,956
Special Assessments	11,450	0	0	5,031	16,481
Interest	4,807	112	0	91	5,010
Miscellaneous	34,009	0	0	34,978	68,987
<i>Total Receipts</i>	<u>3,238,569</u>	<u>179,419</u>	<u>0</u>	<u>271,269</u>	<u>3,689,257</u>
<b>Disbursements</b>					
Current:					
Security of Persons and Property	1,012,748	0	0	4	1,012,752
Public Health Services	0	0	0	13,934	13,934
Leisure Time Activities	0	0	0	22,349	22,349
Community Environment	129,344	0	0	0	129,344
Transportation	488,512	493	0	2,463	491,468
General Government	538,781	0	2,062	719	541,562
Capital Outlay	415	101,140	46,379	242,381	390,315
Debt Service:					
Principal Retirement	1,532,500	0	1,000,000	272,800	2,805,300
Interest and Fiscal Charges	48,561	0	31,687	21,192	101,440
<i>Total Disbursements</i>	<u>3,750,861</u>	<u>101,633</u>	<u>1,080,128</u>	<u>575,842</u>	<u>5,508,464</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(512,292)</u>	<u>77,786</u>	<u>(1,080,128)</u>	<u>(304,573)</u>	<u>(1,819,207)</u>
<b>Other Financing Sources (Uses)</b>					
Sale of Notes	1,435,100	0	1,000,000	252,900	2,688,000
Premium on Notes	879	0	612	154	1,645
Transfers In	0	0	30,385	8,567	38,952
Transfers Out	(38,952)	0	0	0	(38,952)
<i>Total Other Financing Sources (Uses)</i>	<u>1,397,027</u>	<u>0</u>	<u>1,030,997</u>	<u>261,621</u>	<u>2,689,645</u>
<i>Net Change in Fund Balances</i>	884,735	77,786	(49,131)	(42,952)	870,438
<i>Fund Balances Beginning of Year</i>	<u>1,128,038</u>	<u>243,436</u>	<u>150,255</u>	<u>561,973</u>	<u>2,083,702</u>
<i>Fund Balances End of Year</i>	<u><u>\$2,012,773</u></u>	<u><u>\$321,222</u></u>	<u><u>\$101,124</u></u>	<u><u>\$519,021</u></u>	<u><u>\$2,954,140</u></u>

See accompanying notes to the basic financial statements

**Village of Sunbury**  
*Delaware County*  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2010*

	Budgeted Amounts		
	Original	Final	Actual
<b>Receipts</b>			
Municipal Income Taxes	\$1,433,700	\$1,666,000	\$2,320,751
Property and Other Local Taxes	285,000	313,203	255,300
Fines, Licenses and Permits	259,860	268,060	236,689
Intergovernmental	120,000	110,901	375,563
Special Assessments	12,785	12,785	11,450
Interest	15,000	15,000	4,807
Miscellaneous	32,000	9,000	34,009
<i>Total Receipts</i>	<u>2,158,345</u>	<u>2,394,949</u>	<u>3,238,569</u>
<b>Disbursements</b>			
Current:			
Security of Persons and Property	1,119,236	1,139,236	1,012,748
Community Environment	140,489	168,489	129,344
Transportation	528,671	553,671	488,512
General Government	680,409	717,409	538,731
Capital Outlay	1,861	1,861	415
Debt Service:			
Principal Retirement	1,532,788	1,532,788	1,532,500
Interest and Fiscal Charges	72,051	72,051	48,611
<i>Total Disbursements</i>	<u>4,075,505</u>	<u>4,185,505</u>	<u>3,750,861</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(1,917,160)</u>	<u>(1,790,556)</u>	<u>(512,292)</u>
<b>Other Financing Sources (Uses)</b>			
Sale of Notes	1,425,000	1,435,100	1,435,100
Premium on Notes	0		879
Transfers Out	(46,348)	(46,348)	(38,952)
<i>Total Other Financing Sources (Uses)</i>	<u>1,378,652</u>	<u>1,388,752</u>	<u>1,397,027</u>
<i>Net Change in Fund Balance</i>	(538,508)	(401,804)	884,735
<i>Fund Balance Beginning of Year</i>	1,128,038	1,128,038	1,128,038
Prior Year Encumbrances Appropriated	22,853	22,853	22,853
<i>Fund Balance End of Year</i>	<u>\$612,383</u>	<u>\$749,087</u>	<u>\$2,035,626</u>

See accompanying notes to the basic financial statements

**Village of Sunbury**  
*Delaware County*  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual - Budget Basis*  
*Street Fund*  
*For the Year Ended December 31, 2010*

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	
<b>Receipts</b>			
Intergovernmental	\$179,000	\$179,000	\$179,307
Interest	1,000	1,000	112
<i>Total Receipts</i>	<u>180,000</u>	<u>180,000</u>	<u>179,419</u>
<b>Disbursements</b>			
Current:			
Transportation	493	493	493
Capital Outlay	299,507	299,507	101,140
<i>Total Disbursements</i>	<u>300,000</u>	<u>300,000</u>	<u>101,633</u>
<i>Net Change in Fund Balance</i>	(120,000)	(120,000)	77,786
<i>Fund Balance Beginning of Year</i>	<u>243,436</u>	<u>243,436</u>	<u>243,436</u>
<i>Fund Balance End of Year</i>	<u><u>\$123,436</u></u>	<u><u>\$123,436</u></u>	<u><u>\$321,222</u></u>

See accompanying notes to the basic financial statements

**Village of Sunbury, Ohio**  
*Delaware County*  
*Statement of Fund Net Assets - Cash Basis*  
*Proprietary Funds*  
*December 31, 2010*

	Business-Type Activities			Total Enterprise Funds
	Water Enterprise Fund	Sewer Enterprise Fund	Other Enterprise Fund	
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$460,269	\$2,275,373	\$32,751	\$2,768,393
<i>Total Assets</i>	<u>\$460,269</u>	<u>\$2,275,373</u>	<u>\$32,751</u>	<u>\$2,768,393</u>
<b>Net Assets</b>				
Unrestricted	\$460,269	\$2,275,373	\$32,751	\$2,768,393
<i>Total Net Assets</i>	<u>\$460,269</u>	<u>\$2,275,373</u>	<u>\$32,751</u>	<u>\$2,768,393</u>

See accompanying notes to the basic financial statements

**Village of Sunbury, Ohio**  
*Delaware County*  
*Statement of Receipts, Disbursements and Changes in Fund Net Assets - Cash Basis*  
*Proprietary Funds*  
*For the Year Ended December 31, 2010*

	Business-Type Activities			Total Enterprise Funds
	Water Enterprise Fund	Sewer Enterprise Fund	Other Enterprise Fund	
<b>Operating Receipts</b>				
Charges for Services	\$0	\$1,335,252	\$0	\$1,335,252
<i>Total Operating Receipts</i>	<u>0</u>	<u>1,335,252</u>	<u>0</u>	<u>1,335,252</u>
<b>Operating Disbursements</b>				
Personal Services	0	197,352	0	197,352
Fringe Benefits	0	76,138	0	76,138
Contractual Services	0	88,678	0	88,678
Materials and Supplies	0	93,639	0	93,639
<i>Total Operating Disbursements</i>	<u>0</u>	<u>455,807</u>	<u>0</u>	<u>455,807</u>
<i>Operating Income (Loss)</i>	<u>0</u>	<u>879,445</u>	<u>0</u>	<u>879,445</u>
<b>Non-Operating Receipts (Disbursements)</b>				
Sale of Notes	0	498,000	0	498,000
Premium on Notes	0	304	0	304
Capital Outlay	0	(1,000)	0	(1,000)
Principal Retirement	0	(694,497)	0	(694,497)
Interest and Other Fiscal Charges	0	(318,556)	0	(318,556)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>0</u>	<u>(515,749)</u>	<u>0</u>	<u>(515,749)</u>
<i>Change in Net Assets</i>	<u>0</u>	<u>363,696</u>	<u>0</u>	<u>363,696</u>
<i>Net Assets Beginning of Year</i>	<u>460,269</u>	<u>1,911,677</u>	<u>32,751</u>	<u>2,404,697</u>
<i>Net Assets End of Year</i>	<u><u>\$460,269</u></u>	<u><u>\$2,275,373</u></u>	<u><u>\$32,751</u></u>	<u><u>\$2,768,393</u></u>

See accompanying notes to the basic financial statements

**Village of Sunbury, Ohio**  
*Delaware County*  
*Statement of Fiduciary Net Assets - Cash Basis*  
*Fiduciary Funds*  
*December 31, 2010*

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	<u>Private Purpose Trust</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$7,542</u>
<b>Net Assets</b>	
Restricted by Donor	<u>\$7,542</u>

See accompanying notes to the basic financial statements

**Village of Sunbury, Ohio**  
*Delaware County*  
*Statement of Changes in Fiduciary Net Assets - Cash Basis*  
*Fiduciary Funds*  
*For the Year Ended December 31, 2010*

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	<u>Private Purpose Trust</u>
<i>Change in Net Assets</i>	\$0
<i>Net Assets Beginning of Year</i>	<u>7,542</u>
<i>Net Assets End of Year</i>	<u><u>\$7,542</u></u>

See accompanying notes to the basic financial statements

**VILLAGE OF SUNBURY  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

**Note 1 – Reporting Entity**

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

The reporting entity is comprised of the primary government and other organizations that were included to ensure that the financial statements of the Village 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 primary government of the Village of Sunbury provides the following services to its citizens: police protection, parks and recreation, building inspection, street maintenance and repairs and sewer. Council has direct responsibility for these services.

**B. Joint Ventures, Jointly Governed Organizations**

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

The Village participates in a joint venture and a jointly governed organization. Notes 14 and 15 to the financial statements provides additional information for these entities.

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

**Note 2 – Summary of Significant Accounting Policies**

As discussed further in Note 2.C, these financial statements are presented on the cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or

**VILLAGE OF SUNBURY  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

**Note 2 – Summary of Significant Accounting Policies (Continued)**

contradict GASB pronouncements. 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 activities. 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 program or function of the Village's governmental activities 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 program or business activity is self-financing on a cash basis or draws from the Village's general receipts.

**Fund Financial Statements**

During the year, the Village segregates transactions related to certain Village functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

**VILLAGE OF SUNBURY  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

**Note 2 – Summary of Significant Accounting Policies (Continued)**

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

**B. Fund Accounting**

The Village uses funds 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. The funds of the Village are presented in three categories: governmental, proprietary and fiduciary.

**Governmental Funds**

Governmental funds are those through which most governmental functions of the Village are financed. The following are the Village's major governmental funds:

**General:** The general fund accounts for and reports all financial resources not accounted for and reported 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.

**Street:** The street fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for constructing, maintaining, and repairing the Village streets.

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

The other governmental funds of the Village account for and report grants and other resources, whose use is restricted, committed or assigned to a particular purpose.

**Proprietary Funds**

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

**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 following are the Village's major enterprise funds:

**VILLAGE OF SUNBURY  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

**Note 2 – Summary of Significant Accounting Policies (Continued)**

**B. Fund Accounting (Continued)**

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

Water Fund - The water fund accounts for the remainder of funds that previously accounted for the provision of water distribution to the citizens of the Village. As of September 2005, the Village no longer provides this service.

**Fiduciary Funds**

Fiduciary funds reporting focuses on net assets and changes in net assets. The fiduciary category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Trust funds are used to account for assets held by the Village under a trust agreement for individuals, private organizations, or other governments and are not available to support the Village's own programs. The Village's private purpose trust fund accounts for bequests designated for maintenance of cemetery plots.

**C. Basis of Accounting**

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

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) 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 Village Council may appropriate. The appropriations ordinance is the Village Council's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by Village Council. The legal level of control has been established by Village Council at the fund and department level for all funds.

**VILLAGE OF SUNBURY  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

**Note 2 – Summary of Significant Accounting Policies (Continued)**

**D. Budgetary Process (Continued)**

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

**E. Cash and Cash Equivalents**

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

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

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

During 2011 and 2010, the Village invested in nonnegotiable certificates of deposits and STAR Ohio. During 2011 the Village also invested in a money market mutual fund. Investments are reported at cost, except for the money market mutual fund and STAR Ohio. The Village’s money market fund investment is recorded at the amount reported by Fifth Third Securities on December 31, 2011. STAR Ohio is an investment pool, managed by the State Treasurer’s Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio’s share price, which is the price the investment could be sold for on December 31, 2011 and 2010.

**VILLAGE OF SUNBURY  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

**Note 2 – Summary of Significant Accounting Policies (Continued)**

**E. Cash and Cash Equivalents (Continued)**

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2011 and 2010 were \$12,815 and \$4,807, respectively, which includes \$7,360 and \$3,045, respectively, assigned from other Village funds.

**F. Restricted Assets**

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

**G. Inventory and Prepaid Items**

The Village reports disbursements for inventory 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 9 and 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**VILLAGE OF SUNBURY  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

**Note 2 – Summary of Significant Accounting Policies (Continued)**

**L. Long-Term Obligations**

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

**M. Net Assets**

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

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

**N. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

***Nonspendable*** The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

***Restricted*** Fund balance is report as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Enabling legislation authorizes the Village to asses, levy, charge, or otherwise mandate payment or resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Village can be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

**VILLAGE OF SUNBURY  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

**Note 2 – Summary of Significant Accounting Policies (Continued)**

**N. Fund Balance (Continued)**

***Committed*** The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal actions (ordinance or resolution) of Village Council. Those committed amounts cannot be used for any other purpose unless Village Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Village Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

***Assigned*** Amounts in the assigned fund balance classification are intended to be used by the Village for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by Village Council or a Village official delegated that authority by ordinance, or by State Statute.

***Unassigned*** Unassigned fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**O. Interfund Transactions**

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

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

**VILLAGE OF SUNBURY  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

**Note 3 – Compliance**

Contrary to Ohio Revised Code Section 5705.41(B); 2011 expenditures exceeded appropriations in the Sunbury Mills TIF Fund by \$23,492 and 2010 expenditures exceeded appropriations in the Park and Recreation Fund by \$3,704.

**Note 4 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis presented for the general fund and the major special revenue fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year-end encumbrances are treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis). The encumbrances outstanding at year-end (budgetary basis) amounted to:

<u>Fund</u>	<u>2011</u>	<u>2010</u>
General	\$13,309	\$27,057
Street	\$2,345	\$200

**Note 5 – Deposits and Investments**

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

Active deposits are public deposits 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.

**VILLAGE OF SUNBURY  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

**Note 5 – Deposits and Investments (Continued)**

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;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

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

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**VILLAGE OF SUNBURY  
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**NOTES TO THE FINANCIAL STATEMENTS  
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**Note 5 – Deposits and Investments (Continued)**

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2011, \$2,237,016 of the Village's bank balance of \$2,867,023 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Village's name. At December 31, 2010, \$2,497,294 of the Village's bank balance of \$3,027,294 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Village's name.

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.

Investments

As of December 31, 2011 the Village had the following investments:

	<u>Fair Value</u>	<u>Investment Maturity</u>
Money Market Mutual Fund	\$251,116	Average 50 days
STAR Ohio	<u>3,014,269</u>	Average 60 days
Total Portfolio	<u>\$3,265,385</u>	

As of December 31, 2010 the Village had investments in STAR Ohio in the amount of \$2,762,500.

*Interest Rate Risk* Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Village's investment policy addresses interest rate risk by requiring the Village's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding the need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

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**Note 5 – Deposits and Investments (Continued)**

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

*Custodial Credit Risk* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The Village has no investment policy dealing with investment custodial risk beyond the requirements in Ohio Revised Code 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

*Concentration of Credit Risk* The Village places no limit on the amount it may invest in any one issuer.

The following investments represent 5 percent or more of total investments as of December 31, 2011:

<u>Investment</u>	<u>% of Investment</u>
STAR Ohio	92.3%
Money Market Mutual Fund	7.7%

As of December 31, 2010, STAR Ohio was the Village's only investment.

**Note 6 – Income Taxes**

The Village levies a 1.0 percent income tax on substantially all income earned in the Village. In addition, the Village residents employed in municipalities having an income tax less than 1.0 percent must pay the difference to the Village. Additional increases in the income tax rate require voter approval. Employers within the Village withhold income tax on employee compensation and remit at least quarterly and file an annual declaration. All income tax is collected by the Regional Income Tax Agency (RITA).

**VILLAGE OF SUNBURY  
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**NOTES TO THE FINANCIAL STATEMENTS  
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**Note 7 – Property Taxes**

Property taxes include amounts levied against all real and public utility property located in the Village. Property tax revenue received during 2011 for real and public utility property taxes represents collections of 2010 taxes. 2011 real property taxes are levied after October 1, 2011, on the assessed value as of January 1, 2011, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2011 real property taxes are collected in and intended to finance 2012.

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2011 public utility property taxes which become a lien December 31, 2010, are levied after October 1, 2011, and are collected in 2011 with real property taxes.

The full tax rate for all Village operations for the year ended December 31, 2011 was \$2.50 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2011 and 2010 property tax receipts were based are as follows:

	<u>2011</u>	<u>2010</u>
Real Property	\$109,312,890	\$111,349,350
Public Utility Personal Property	<u>2,134,320</u>	<u>2,279,720</u>
Total	<u>\$111,447,210</u>	<u>\$113,629,070</u>

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 8 – Risk Management**

Through February 28, 2010, the Village contracted with U. S. Specialty Insurance Company for all of their property and casualty insurance needs. There was no pooling of risk with this program. 100% of covered risk is placed with an insurance company, in this case U. S. Specialty Insurance Company.

Effective March 1, 2010, the Village belonged to the Ohio Plan Risk Management, Inc. (the “Plan”), an unincorporated nonprofit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 782 Ohio governments (“Members”).

**VILLAGE OF SUNBURY  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

**Note 8 – Risk Management (Continued)**

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

The Plan issues its own policies and reinsures the Plan with A-VII or better rated carriers, except for the 17.5% or \$43,750 casualty losses through November 1, 2010; 40% or \$100,000 casualty losses through November 1, 2011; 41.5% or \$103,750 casualty losses after November 1, 2011, and the lesser of 10% or \$100,000 of property losses.

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

**Note 9 – Defined Benefit Pension Plans**

*Ohio Public Employees Retirement System*

Plan Description – The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension 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. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, 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. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

**VILLAGE OF SUNBURY  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

**Note 9 – Defined Benefit Pension Plans (Continued)**

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law enforcement and public safety employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll for members in the State and local divisions and 12 percent for law enforcement and public safety members. For the year ended December 31, 2011 and 2010 members in the state and local divisions contributed 10 percent of covered payroll while public safety and law enforcement members contribute 11.0 percent and 11.6 percent, respectively for 2011 and 10.5 percent and 11.1 percent, respectively for 2010. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within Traditional Pension Plan. For 2011 and 2010 member and employer contribution rates were consistent across all three plans.

The Village's 2011 and 2010 contribution rate was 14.0 percent, except for those plan members in law enforcement or public safety, for whom the Village's contribution was 18.10 percent of covered payroll and 17.87 percent for 2010. Employer contribution rates are actuarially determined.

The Village's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2011, 2010 and 2009 were \$103,198, \$102,642 and \$109,343, respectively. The full amount has been contributed for all three years

*Ohio Police and Fire Pension Fund*

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

Funding Policy – The Ohio Revised Code requires plan members to contribute 10.0 percent of their annual covered salary, while employers are required to contribute 19.5 percent for police officers and 24 percent respectively for firefighters.

The Village's contributions to OP&F for police pensions were \$96,295 for the year ended December 31, 2011; \$100,116 for the year ended December 31, 2010 and \$110,294 for the year ended December 31, 2009, respectively. The full amount has been contributed for all three years.

**VILLAGE OF SUNBURY  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

**Note 10 - Postemployment Benefits**

*Ohio Public Employees Retirement System*

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan – a defined contribution plan; and the Combined Plan – a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for postemployment health care coverage, age-and-service retirees under the Traditional and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

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

Funding Policy – The Ohio Revised Code provides the statutory authority requiring employers to fund post-employment health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of postemployment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2011 and 2010, state and local employers contributed 14.0 percent of covered payroll and public safety and law enforcement employers contributed at 18.10 percent and 17.87 percent, respectively. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law and public safety employer units.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2010 and 5.0 percent from March 1, 2010 through December 31, 2010 and 4.0 percent for 2011. The portion of employer contributions allocated to

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**NOTES TO THE FINANCIAL STATEMENTS  
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**Note 10 - Postemployment Benefits (Continued)**

health care for members in the Combine Plan was 4.73 percent from January 1 through February 28, 2010, and 4.23 percent from March 1, 2010 through December 31, 2010 and 6.05 percent for 2011.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, but the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

The Village's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2011, 2010, 2009 were \$29,484; \$29,325, and \$31,239, respectively 100 percent has been contributed for 2011, 2010 and 2009.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004 was effective January 1, 2007. Member and employer contribution rates increased as of January 1, of each year from 2006 to 2008. Rates for law enforcement and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

*Ohio Police and Fire Pension Fund*

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

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 or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

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

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

**VILLAGE OF SUNBURY  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

**Note 10 - Postemployment Benefits (Continued)**

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. For both 2011 and 2010 participating employers were required by Ohio Revised Code to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, 19.5 percent for police employers. Active members do not make contributions to the OPEB Plan.

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree healthcare benefits. For the years ended December 31, 2011 and 2010 the employer contribution allocated to the health care plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and Section 401(h).

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

The Village's contributions to OP&F which were allocated to fund post-employment health care benefits for police were \$33,318 for the year ended December 31, 2011, \$34,640 for the year ended December 31, 2010 and \$38,162 for the year ended December 31, 2009. The full amount has been contributed for all three years.

**VILLAGE OF SUNBURY  
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**NOTES TO THE FINANCIAL STATEMENTS  
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**Note 11 - Notes Payable**

The changes in the Village notes payable during 2011 were as follows:

	<u>Outstanding 12/31/2010</u>	<u>Issued</u>	<u>Retired</u>	<u>Outstanding 12/31/2011</u>
<u>Governmental Activities</u>				
Bond Anticipation Notes				
2010 5th/3rd Bank, 2.375%	\$2,688,000	\$0	\$2,688,000	\$0
2011 5th/3rd Bank, 2.125%	0	2,503,600	0	2,503,600
Total	<u>\$2,688,000</u>	<u>\$2,503,600</u>	<u>\$2,688,000</u>	<u>\$2,503,600</u>
	<u>Outstanding 12/31/2010</u>	<u>Issued</u>	<u>Retired</u>	<u>Outstanding 12/31/2011</u>
<u>Business Activities</u>				
Bond Anticipation Notes				
2010 5th/3rd Bank, 2.375%	\$498,000	\$0	\$498,000	\$0
Total	<u>\$498,000</u>	<u>\$0</u>	<u>\$498,000</u>	<u>\$0</u>

The changes in the Village's notes payable during 2010 were as follows:

	<u>Outstanding 12/31/2009</u>	<u>Issued</u>	<u>Retired</u>	<u>Outstanding 12/31/2010</u>
<u>Governmental Activities</u>				
Bond Anticipation Notes				
2009 5th/3rd Bank, 3.25%	\$2,794,000	\$0	\$2,794,000	\$0
2010 5th/3rd Bank, 2.375%	0	2,688,000	0	2,688,000
Total	<u>\$2,794,000</u>	<u>\$2,688,000</u>	<u>\$2,794,000</u>	<u>\$2,688,000</u>
	<u>Outstanding 12/31/2009</u>	<u>Issued</u>	<u>Retired</u>	<u>Outstanding 12/31/2010</u>
<u>Business Activities</u>				
Bond Anticipation Notes				
2009 5th/3rd Bank, 3.25%	\$516,000	\$0	\$516,000	\$0
2010 5th/3rd Bank, 2.375%	0	498,000	0	498,000
Total	<u>\$516,000</u>	<u>\$498,000</u>	<u>\$516,000</u>	<u>\$498,000</u>

The notes issued originally in 2007 were used for various governmental and business-type activities. All note proceeds had been spent or rolled over into subsequent bond anticipation notes at December 31, 2011.

**VILLAGE OF SUNBURY  
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**NOTES TO THE FINANCIAL STATEMENTS  
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**Note 11 - Notes Payable (Continued)**

All of the notes are bond anticipation notes, are backed by the full faith and credit of the Village, and mature within one year of issuance.

**Note 12 - Debt**

The changes in the Village's long-term debt 2011 were as follows:

	Outstanding 12/31/2010	Additions	Deletions	Outstanding 12/31/2011	2011 Due in One Year
<u>Governmental Activities</u>					
Capital Facilities					
Bonds, 2008 Issue, \$162,000, 4.50%	\$155,400	\$0	\$14,300	\$141,100	\$6,100
Cemetery Land					
Acquisition Bonds, 2009 Issue, \$130,000 , 3.50%	124,300	0	5,900	118,400	6,100
Total General Obligation Bonds	<u>\$279,700</u>	<u>\$0</u>	<u>\$20,200</u>	<u>\$259,500</u>	<u>\$12,200</u>
<u>Business-Type Activities</u>					
1987 OWDA Loan, \$435,809, 7.65%	\$70,983	\$0	\$34,182	\$36,801	\$36,801
2004 OWDA Loan , \$7,835,475, 4.16%	6,984,457	0	148,456	6,836,001	154,696
1996 OPWC Loan, \$85,499, 0.00%	21,374	0	4,275	17,099	4,275
Total Business-Type Activities	<u>\$7,076,814</u>	<u>\$0</u>	<u>\$186,913</u>	<u>\$6,889,901</u>	<u>\$195,772</u>

**VILLAGE OF SUNBURY  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

**Note 12 – Debt (Continued)**

The changes in the Village’s long-term debt during 2010 were as follows:

	Outstanding 12/31/2009	Additions	Deletions	Outstanding 12/31/2010	2010 Due in One Year
<u>Governmental Activities</u>					
Capital Facilities					
Bonds, 2008 Issue, \$162,000, 4.5%	\$161,000	\$0	\$5,600	\$155,400	\$5,800
Cemetery Land					
Acquisition Bonds, 2009 Issue, \$130,000, 3.50%	130,000	0	5,700	124,300	5,900
<b>Total General Obligation Bonds</b>	<b>\$291,000</b>	<b>\$0</b>	<b>\$11,300</b>	<b>\$279,700</b>	<b>\$11,700</b>
<u>Business-Type Activities</u>					
1987 OWDA Loan, \$435,809, 7.65%	\$102,736	\$0	\$31,753	\$70,983	\$34,182
2004 OWDA Loan, \$7,835,475, 4.16%	7,126,925	0	142,468	6,984,457	148,456
1996 OPWC Loan, \$85,499, 0.00%	25,650	0	4,276	21,374	4,275
<b>Total Business-Type Activities</b>	<b>\$7,255,311</b>	<b>\$0</b>	<b>\$178,497</b>	<b>\$7,076,814</b>	<b>\$186,913</b>

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

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

The OWDA 2004 loan relates to the construction of a state sanitary sewer project. The loan will be repaid in semiannual installments over 30 years. The loan is secured by sewer receipts.

The Ohio Public Works Commission (OPWC) loan relates to capital improvements of the sewer plants. The loan will be repaid in semiannual installments over 20 years. The loan is secured by sewer receipts.

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

**VILLAGE OF SUNBURY  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

**Note 12 – Debt (Continued)**

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

<u>Year</u>	<u>G.O. Bonds</u>		<u>OWDA Loans</u>		<u>OPWC</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Loan Principal</u>
2012	12,200	10,876	191,497	284,358	4,275
2013	12,600	10,338	161,198	276,283	4,275
2014	13,200	9,884	167,974	269,508	4,275
2015	13,700	9,356	175,034	262,447	4,274
2016	14,200	8,808	182,392	255,090	0
2017-2021	80,300	35,012	1,033,605	1,153,803	0
2022-2026	97,900	17,507	1,269,875	917,532	0
2027-2031	15,400	1,625	1,560,155	672,252	0
2032-2036	0	0	1,916,789	270,618	0
2037-2039	0	0	214,283	4,457	0
Total	259,500	103,456	6,872,802	4,366,348	17,099

The Ohio Revised Code provides that net general obligation debt of the Village, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Village. The Revised Code further provides that total voted and unvoted net debt of the Village less the same exempt debt shall never exceed 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2011, were an overall debt margin of \$9,661,502 and an unvoted debt margin of \$6,872,802.06.

**Note 13 – Fund Balances**

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

**VILLAGE OF SUNBURY  
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**NOTES TO THE FINANCIAL STATEMENTS  
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**Note 13 – Fund Balances (Continued)**

December 31, 2011 Fund Balances	General Fund	Street Fund	Sunbury Mills TIF Fund	Other Governmental Funds	Total Governmental Funds
<b>Restricted for</b>					
Road Maintenance and Improvements	\$0	\$404,776	\$89,739	\$130,189	\$624,704
Mayor's Court Computer System	0	0	0	47,400	47,400
Parks and Recreation	0	0	0	36,295	36,295
Cemetery	0	0	0	101,193	101,193
Capital Maintenance and Construction	0	0	0	85,140	85,140
<i>Total Restricted</i>	<u>0</u>	<u>404,776</u>	<u>89,739</u>	<u>400,217</u>	<u>894,732</u>
<b>Committed to</b>					
Police Facilities	0	0	0	41,180	41,180
Municipal Facilities	0	0	0	85,392	85,392
Other Purposes	0	0	0	2,818	2,818
<i>Total Committed</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>129,390</u>	<u>129,390</u>
<b>Assigned to</b>					
Encumbrances	13,309	0	0	0	13,309
Debt Service	0	0	0	881	881
<i>Total Assigned</i>	<u>13,309</u>	<u>0</u>	<u>0</u>	<u>881</u>	<u>14,190</u>
Unassigned	<u>2,306,545</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,306,545</u>
<b>Total Fund Balances</b>	<u><u>\$2,319,854</u></u>	<u><u>\$404,776</u></u>	<u><u>\$89,739</u></u>	<u><u>\$530,488</u></u>	<u><u>\$3,344,857</u></u>

**VILLAGE OF SUNBURY  
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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

**Note 13 – Fund Balances (Continued)**

December 31, 2010 Fund Balances	General Fund	Street Fund	Sunbury Mills TIF Fund	Other Governmental Funds	Total Governmental Funds
<b>Restricted for</b>					
Road Maintenance and Improvements	\$0	\$321,222	\$0	\$115,244	\$436,466
Mayor's Court Computer System	0	0	0	44,376	44,376
Parks and Recreation	0	0	0	73,497	73,497
Cemetery	0	0	0	97,007	97,007
Capital Maintenance and Construction	0	0	101,124	68,783	169,907
<i>Total Restricted</i>	<u>0</u>	<u>321,222</u>	<u>101,124</u>	<u>398,907</u>	<u>821,253</u>
<b>Committed to</b>					
Police Facilities	0	0	0	37,769	37,769
Municipal Facilities	0	0	0	78,773	78,773
Other Purposes	0	0	0	2,818	2,818
<i>Total Committed</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>119,360</u>	<u>119,360</u>
<b>Assigned to</b>					
Encumbrances	27,057	0	0	0	27,057
Debt Service	0	0	0	754	754
<i>Total Assigned</i>	<u>27,057</u>	<u>0</u>	<u>0</u>	<u>754</u>	<u>27,811</u>
Unassigned	<u>1,985,716</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,985,716</u>
<b>Total Fund Balances</b>	<u><u>\$2,012,773</u></u>	<u><u>\$321,222</u></u>	<u><u>\$101,124</u></u>	<u><u>\$519,021</u></u>	<u><u>\$2,954,140</u></u>

**VILLAGE OF SUNBURY  
DELAWARE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

**Note 14 – Joint Ventures**

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

**Note 15 – Jointly Governed Organizations**

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

**Note 16 – Subsequent Events**

Ordinance 2012-02 was passed on January 7, 2012 authorizing the issuance and sale of notes with the maximum principal amount of \$2,547,100 in anticipation of bonds for payment on 2011 notes.

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

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

To the Village Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Sunbury, Delaware County, (the Village) as of and for the years ended December 31, 2011 and 2010, which collectively comprise the Village's basic financial statements and have issued our report thereon dated June 19, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and timely corrected. We consider finding 2011-001 to be a material weakness.

## Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated June 19, 2012.

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

*Varney, Fink & Associates*

Varney, Fink & Associates, Inc.  
Certified Public Accountants

June 19, 2012

**VILLAGE OF SUNBURY  
DELAWARE COUNTY  
SCHEDULE OF FINDINGS  
DECEMBER 31, 2011 AND 2010**

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

**FINDING NUMBER 2011-001**

**Material Weakness**

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

Fifty audit adjustments and reclassifications were posted to the Village's December 31, 2011 and 2010 financial statements and, where applicable, the accounting records to accurately reflect account balances. These adjustments and reclassifications ranged from \$78 to \$974,945. Below are descriptions of the errors included on the financial statements provided by the client.

1. Principal retirement and interest and fiscal charges were not properly classified
2. Sale of notes and premium on notes were not properly classified.
3. Special assessments, intergovernmental receipts, and sales of assets were not properly classified.
4. Capital outlay expenditures were not properly classified.

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

**Official's Response:**

The mapping for the report will be corrected. The past reports will be redone to match the Auditor's reports.

**VILLAGE OF SUNBURY  
DELAWARE COUNTY  
SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2011 AND 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain</b>
2009-001	Establishment of a Bond Fund	Yes	
2009-002	Ohio Rev. Code 5705.09 Establishment of Special Fund and receipt of restricted revenues	Yes	
2009-003	Financial Statement adjustments and reclassifications	No	Re-issued as finding 2011-001



# Dave Yost • Auditor of State

VILLAGE OF SUNBURY

DELAWARE COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
NOVEMBER 15, 2012