

**VILLAGE OF GROVEPORT
FRANKLIN COUNTY, OHIO**

Financial Statements
(Audited)

For The Year Ended
December 31, 2009

KEN SALAK, FINANCE DIRECTOR



Mary Taylor, CPA
Auditor of State

Village Council
Village of Groveport
655 Blacklick Street
Groveport, Ohio 43125

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

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

December 14, 2010

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**VILLAGE OF GROVEPORT
FRANKLIN COUNTY, OHIO**

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Julian & Grube, Inc.
Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Auditor's Report

Members of Council and Mayor
Village of Groveport
Franklin County
655 Blacklick Street
Groveport, Ohio 43125

To the Members of Council and Mayor:

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 Groveport, Franklin County, Ohio, as of and for the year ended December 31, 2009, which collectively comprise the Village of Groveport's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of Groveport'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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 Groveport, Franklin County, Ohio, as of December 31, 2009 and the respective changes in cash financial position and the respective budgetary comparison for the General Fund thereof and for the year then ended in conformity with the basis of accounting Note 2 describes.

Members of Council and Mayor
Village of Groveport
Page Two

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2010, on our consideration of the Village of Groveport's internal control over financial reporting and on 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.

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

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
September 17, 2010

VILLAGE OF GROVEPORT, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2009

The management's discussion and analysis of the Village of Groveport's (the "Village") financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2009, within the limitations of the Village's cash basis of accounting. The intent of this discussion and analysis is to look at the Village's financial performance as a whole; readers should also review the cash-basis basic financial statements and the notes to the financial statements to enhance their understanding of the Village's financial performance.

Financial Highlights

Key financial highlights for 2009 are as follows:

- The total net cash assets of the Village increased \$114,498. Net cash assets of governmental activities decreased \$110,865, which represents a 2.36% decrease from fiscal year 2008. Net cash assets of business-type activities increased \$225,363 or 15.35% from fiscal year 2008.
- General cash receipts accounted for \$13,987,639 or 81.30% of total governmental activities cash receipts. Program specific cash receipts accounted for \$3,218,157 or 18.70% of total governmental activities cash receipts.
- The Village had \$17,316,661 in cash disbursements related to governmental activities; \$3,218,157 of these cash disbursements were offset by program specific charges for services, grants or contributions. General cash receipts (primarily taxes) of \$13,987,639 were not adequate to provide for these programs.
- The Village's major governmental funds are the general fund and debt service fund. The general fund had cash receipts of \$10,146,156 in 2009. The cash disbursements and other financing disbursements of the general fund totaled \$9,927,531 in 2009. The general fund's cash balance increased \$219,225 from 2008 to 2009.
- The debt service fund had cash receipts and other financing receipts of \$6,395,378 in 2009. The debt service fund had cash disbursements of \$6,350,629 in 2009. The debt service fund cash balance increased \$44,749 from 2008 to 2009.
- The Village's major business-type activities funds are the water and sewer fund. Net cash assets of business-type activities increased \$225,363 or 15.35% from fiscal year 2008.

Using this Basic Financial Statements (BFS)

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

The statement of net assets - cash basis and statement of activities - cash basis provide information about the activities of the whole Village, presenting an aggregate view of the Village's cash basis finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the Village's most significant funds with all other nonmajor funds presented in total in one column. In the case of the Village, there are two major governmental funds.

VILLAGE OF GROVEPORT, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2009

Reporting the Village as a Whole

Statement of Net Assets and the Statement of Activities

The statement of net assets - cash basis and statement of activities - cash basis answer the question, "How did we do financially during 2009?" These statements include *only net assets* using the *cash basis of accounting*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This basis of accounting takes into account only the current year's receipts and disbursements if the cash is actually received or paid.

These two statements report the Village's net assets and changes in those assets on a cash basis. This change in net cash assets is important because it tells the reader that, for the Village as a whole, the cash basis financial position of the Village has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the Village's property tax base, income tax receipts, current property tax laws in Ohio restricting revenue growth, facility conditions, mandated federal and state programs and other factors.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not collected) and 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. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

In the statement of net assets - cash basis and statement of activities - cash basis, the Village is divided into two distinct kinds of activities. Governmental Activities - Most of the Village's programs and services are reported here including security of person and property, public health services, leisure time activities, transportation and general government. Business-Type Activities - These services are provided on a charge for goods or services basis to recover all of the cash disbursements of the goods or services provided. The Village's water and sewer enterprise funds are reported as business activities.

The statement of net assets - cash basis and statement of activities - cash basis can be found on pages 13-15 of this report.

Reporting the Village's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Fund financial reports provide detailed information about the Village's major funds. The Village uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Village's most significant funds. The Village's major governmental funds are the general fund and debt service fund. The analysis of the Village's major governmental funds begins on page 10.

VILLAGE OF GROVEPORT, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2009

Governmental Funds

Most of the Village's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The governmental fund statements provide a detailed view of the Village's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer cash basis financial resources that can be readily spent to finance various Village programs. Since the Village is reporting on the cash basis of accounting, there are no differences in the net assets and fund cash balances or changes in net assets and changes in fund cash balances. Therefore, no reconciliation is necessary between such financial statements. However, differences will be apparent when comparing gross revenues and expenses on the fund financial statements to the statement of activities - cash basis due to transfers between governmental funds being eliminated for reporting in the statement of activities - cash basis. The governmental fund statements can be found on pages 16-17 of this report.

The Village's budgetary process accounts for certain transactions on a cash basis. The budgetary statement for the general fund is presented to demonstrate the Village's compliance with annually adopted budgets. The budgetary statement can be found on page 18 of this report.

Proprietary Funds

The Village maintains one type of proprietary fund. Enterprise funds use the same basis of accounting (cash basis) as governmental fund activities; therefore, these statements will essentially match the information provided in statements for the Village as a whole. The Village uses enterprise funds to account for its water and sewer operations. The enterprise fund statements can be found on pages 19-20 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Village's own programs. The Village's only fiduciary fund is an agency fund. Only the cash held at year end for the agency funds is reported. The fiduciary fund statement can be found on page 21 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22-40 of this report.

VILLAGE OF GROVEPORT, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009

Government-Wide Financial Analysis

Recall that the statement of net assets - cash basis provides the perspective of the Village as a whole.

The table below provides a summary of the Village's net cash assets for 2009.

	Net Cash Assets					
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Total</u>
	2009	2009	2008	2008	2009	2008
<u>Assets</u>						
Equity in pooled cash and cash equivalents	\$ 4,583,975	\$ 1,693,750	\$ 4,694,840	\$ 1,468,387	\$ 6,277,725	\$ 6,163,227
Total assets	<u>4,583,975</u>	<u>1,693,750</u>	<u>4,694,840</u>	<u>1,468,387</u>	<u>6,277,725</u>	<u>6,163,227</u>
<u>Net cash assets</u>						
Restricted	709,155	-	886,306	-	709,155	886,306
Unrestricted	<u>3,874,820</u>	<u>1,693,750</u>	<u>3,808,534</u>	<u>1,468,387</u>	<u>5,568,570</u>	<u>5,276,921</u>
Total net cash assets	<u>\$ 4,583,975</u>	<u>\$ 1,693,750</u>	<u>\$ 4,694,840</u>	<u>\$ 1,468,387</u>	<u>\$ 6,277,725</u>	<u>\$ 6,163,227</u>

The total net cash assets of the Village increased \$114,498. Net cash assets of governmental activities decreased \$110,865, which represents a 2.36% decrease from fiscal year 2008. Net cash assets of business-type activities increased \$225,363 or 15.35% from fiscal year 2008.

The balance of government-wide unrestricted net cash assets of \$5,568,570 may be used to meet the government's ongoing obligations to citizens and creditors.

The following table shows the change in net assets for the years 2009 and 2008.

VILLAGE OF GROVEPORT, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009**

Change in Net Cash Assets

	Governmental Activities	Governmental Activities	Business-type Activities	Business-type Activities	Total	Total
	2009	2008	2009	2008	2009	2008
Cash receipts:						
Program cash receipts:						
Charges for services and sales	\$ 2,523,407	\$ 2,376,032	\$ 818,216	\$ 991,898	\$ 3,341,623	\$ 3,367,930
Operating grants and contributions	652,935	689,671	-	-	652,935	689,671
Capital grants and contributions	41,815	749,186	-	-	41,815	749,186
Total program cash receipts	3,218,157	3,814,889	818,216	991,898	4,036,373	4,806,787
General cash receipts:						
Property and other taxes	295,157	289,025	-	-	295,157	289,025
Income tax	8,608,848	11,042,582	-	-	8,608,848	11,042,582
Unrestricted grants	301,410	319,023	-	-	301,410	319,023
Sale of notes	4,500,000	4,600,000	600,000	600,000	5,100,000	5,200,000
Premium on note issue	32,715	40,020	2,940	3,522	35,655	43,542
Proceeds of OPWC loans	-	19,800	-	-	-	19,800
Investment earnings	90,840	232,609	-	-	90,840	232,609
Other	158,669	127,835	3,229	3,356	161,898	131,191
Total general cash receipts	13,987,639	16,670,894	606,169	606,878	14,593,808	17,277,772
Total cash receipts	17,205,796	20,485,783	1,424,385	1,598,776	18,630,181	22,084,559
Cash disbursements:						
Current:						
Security of persons and property	1,984,456	2,104,084	-	-	1,984,456	2,104,084
Public health services	42,765	54,943	-	-	42,765	54,943
Leisure time activities	3,593,420	4,244,080	-	-	3,593,420	4,244,080
Community environment	355,469	439,819	-	-	355,469	439,819
Transportation	847,171	901,939	-	-	847,171	901,939
General government	2,829,739	3,003,294	-	-	2,829,739	3,003,294
Economic development	176,795	193,284	-	-	176,795	193,284
Capital outlay	983,784	2,103,280	-	-	983,784	2,103,280
Debt service:						
Principal retirement	5,674,463	5,899,965	-	-	5,674,463	5,899,965
Interest and fiscal charges	808,184	860,983	-	-	808,184	860,983
Note issuance costs	20,415	18,165	-	-	20,415	18,165
Water	-	-	986,242	1,077,389	986,242	1,077,389
Sewer	-	-	212,780	778,866	212,780	778,866
Total cash disbursements	17,316,661	19,823,836	1,199,022	1,856,255	18,515,683	21,680,091
Change in net cash assets	(110,865)	661,947	225,363	(257,479)	114,498	404,468
Net cash assets at beginning of year	4,694,840	4,032,893	1,468,387	1,725,866	6,163,227	5,758,759
Net cash assets at end of year	\$ 4,583,975	\$ 4,694,840	\$ 1,693,750	\$ 1,468,387	\$ 6,277,725	\$ 6,163,227

VILLAGE OF GROVEPORT, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2009

Governmental Activities

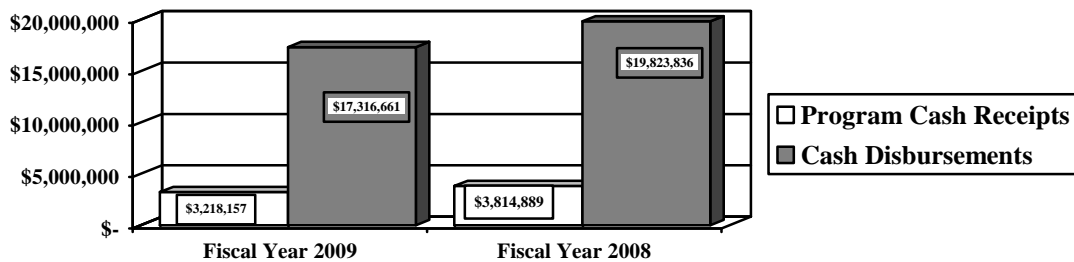
Governmental cash assets decreased by \$110,865 in 2009 from 2008. Although the Village reduced cash disbursements by \$2,507,175, cash receipts decreased \$3,279,987 which is primarily the result of lower income tax collections.

The Village's largest expense program in 2009 was leisure time activities. In 2009, leisure time activities disbursements totaled \$3,593,420, or 20.75% of total governmental cash disbursements. Leisure time activities programs were supported by \$2,245,565 in direct charges to users for services.

The Village program, security of person and property, accounted for \$1,984,456 or 11.46% of total governmental cash disbursements. General government represents activities related to the governing body as well as activities that directly support Village programs. General government programs totaled \$2,829,739 or 16.34% of total cash disbursements. These service programs are primarily supported by user fees, and state and federal grants. The Village program, transportation, accounted for \$847,171 or 4.89% of total governmental cash disbursements. The transportation service programs are primarily supported by operating grants and contributions totaling \$555,061.

The graph below presents the Village's governmental activities program cash receipts versus total cash disbursements:

Governmental Activities - Program Cash Receipts vs. Total Cash Disbursements



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2009. That is, it identifies the cost of these services supported by tax receipts and unrestricted state grants and entitlements.

VILLAGE OF GROVEPORT, OHIO

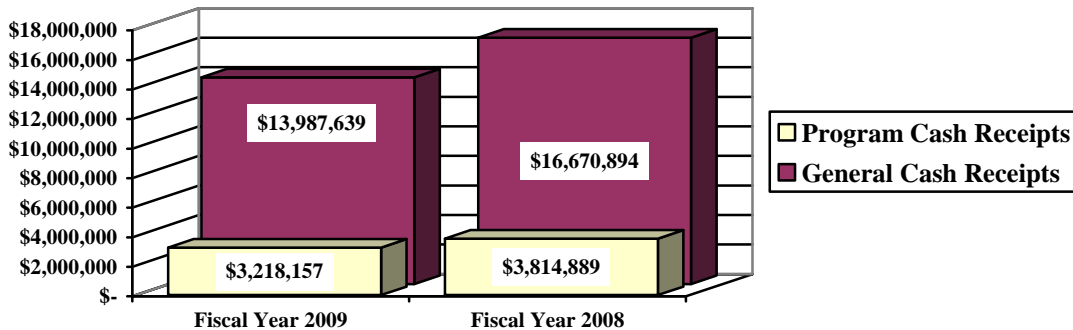
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Governmental Activities			
	<u>2009</u>		<u>2008</u>	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Cash disbursements:				
Current:				
Security of persons and property	\$ 1,984,456	\$ 1,942,712	\$ 2,104,084	\$ 2,058,186
Public health services	42,765	34,123	54,943	37,285
Leisure time activities	3,593,420	1,347,855	4,244,080	2,150,357
Community environment	355,469	195,089	439,819	237,735
Transportation	847,171	292,110	901,939	320,200
General government	2,829,739	2,664,789	3,003,294	2,878,693
Economic development	176,795	176,795	193,284	193,284
Capital outlay	983,784	941,969	2,103,280	1,354,094
Debt service:				
Principal retirement	5,674,463	5,674,463	5,899,965	5,899,965
Interest and fiscal charges	808,184	808,184	860,983	860,983
Note issuance costs	20,415	20,415	18,165	18,165
Total	<u><u>\$ 17,316,661</u></u>	<u><u>\$ 14,098,504</u></u>	<u><u>\$ 19,823,836</u></u>	<u><u>\$ 16,008,947</u></u>

The dependence upon general cash receipts for governmental activities is apparent; with 81.42% of cash disbursements supported through taxes and other general cash receipts during 2009.

The graph below presents the Village's governmental activities receipts for 2009 and 2008:

Governmental Activities - General and Program Cash Receipts



Business-Type Activities

The water and sewer funds are the Village's major enterprise funds. These programs had cash receipts of \$1,424,385 and cash disbursements of \$1,199,022 for fiscal year 2009. The net cash assets of the programs increased \$225,363 or 15.35% from 2008.

Financial Analysis of the Government's Funds

As noted earlier, the Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

VILLAGE OF GROVEPORT, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009

Governmental Funds

The Village's governmental funds are accounted for using the cash basis of accounting.

The Village's governmental funds reported a combined fund cash balance of \$4,583,975, which is \$110,865 below last year's total of \$4,694,840. The schedule below indicates the fund cash balance and the total change in fund cash balance as of December 31, 2009 and December 31, 2008, for all major and non-major governmental funds.

	Fund Cash Balance <u>December 31, 2009</u>	Fund Cash Balance (Deficit) <u>December 31, 2008</u>	Increase (Decrease)
General	\$ 3,848,559	\$ 3,629,334	\$ 219,225
Debt service	-	(44,749)	44,749
Other nonmajor governmental funds	<u>735,416</u>	<u>1,110,255</u>	<u>(374,839)</u>
Total	<u>\$ 4,583,975</u>	<u>\$ 4,694,840</u>	<u>\$ (110,865)</u>

General Fund

The general fund, the Village's largest major fund, had cash receipts of \$10,146,756 in 2009. The cash disbursements and other financing disbursements of the general fund totaled \$9,927,531 in 2009. The general fund's cash balance increased \$219,225 from 2008 to 2009.

The table that follows assists in illustrating the cash receipts of the general fund.

	<u>2009 Amount</u>	<u>2008 Amount</u>	<u>Percentage Change</u>
<u>Cash receipts:</u>			
Income taxes	\$ 6,802,271	\$ 9,112,618	(25.35) %
Property and other taxes	295,157	289,025	2.12 %
Intergovernmental	301,410	319,023	(5.52) %
Charges for services	2,330,106	2,137,817	8.99 %
Fines and forfeitures	180,273	219,206	(17.76) %
Investment income	87,073	223,383	(61.02) %
Other	<u>150,466</u>	<u>114,694</u>	31.19 %
Total	<u>\$ 10,146,756</u>	<u>\$ 12,415,766</u>	(18.28) %

Income tax receipts decreased 25.35% due to a large number of layoffs in 2009. Intergovernmental receipts decreased 5.52%, which is primarily due to less local government revenues from the State. Charges for services and other receipts increased by 8.99% which can be attributed to increased participation in the Village's recreation programs. Fines and forfeitures receipts decreased 17.76% due to fewer building and other permits issued in 2009. Investment income decreased 61.02% due to lower interest rates during the year. The 31.19% increase in other receipts is primarily due to various reimbursements the Village received in 2009.

VILLAGE OF GROVEPORT, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009

The table that follows assists in illustrating the cash disbursements of the general fund.

	<u>2009</u> <u>Amount</u>	<u>2008</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Cash disbursements:</u>			
Security of persons and property	\$ 1,984,456	\$ 2,103,763	(5.67) %
Public health service	42,765	54,943	(22.16) %
Leisure time activity	3,573,587	4,013,528	(10.96) %
Community environment	355,469	424,744	(16.31) %
Transportation	139,155	131,718	5.65 %
General government	2,791,243	2,943,411	(5.17) %
Economic development	176,795	193,284	(8.53) %
Debt service	<u>24,236</u>	<u>30,279</u>	(19.96) %
Total	<u>\$ 9,087,706</u>	<u>\$ 9,895,670</u>	(8.16) %

Public health service disbursements decreased 22.16% as a result of lower County Health District fees. Disbursements for leisure time activities decreased 10.96% which is due to the Village's spending on recreation activities, particularly for the Recreation Center and the golf course. The decrease in community environment disbursements can be attributed to fewer payments for building inspections. Debt service disbursements are related to the payments on several of the Village's leases. All other cash disbursements remained comparable to 2008 levels.

Debt Service Fund

The debt service fund had cash receipts and other financing receipts of \$6,395,378 and cash disbursements of \$6,350,629 in 2009. The debt service fund cash balance increased \$44,749 from 2008 to 2009.

Budgeting Highlights - General Fund

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

General fund original budgeted revenues were \$10,559,139 and final budgeted revenues were \$11,113,000. Actual revenues for fiscal year 2009 totaled \$10,146,756. This represents a \$966,244 decrease over final budgeted revenues.

General fund original appropriations of \$12,886,392 were decreased to \$11,132,301 in the final budget. The actual budget basis expenditures for fiscal year 2009 totaled \$10,009,179, which is lower than the final budget appropriations by \$1,123,122.

Capital Assets and Debt Administration

Capital Assets

The Village does not record capital assets in the accompanying basic financial statements, but records payments for capital assets as disbursements. The Village had capital outlay disbursements of \$1,052,366 during fiscal year 2009.

VILLAGE OF GROVEPORT, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009**

Debt Administration

The Village had the following long-term obligations outstanding at December 31, 2009 and 2008:

	2009	2008
	Governmental Activities	Governmental Activities
Income tax revenue bonds	\$ 12,030,000	\$ 12,715,000
Notes payable	4,500,000	4,600,000
OPWC loans	873,431	1,030,144
Capital lease payable	<u>430,006</u>	<u>662,756</u>
Total long-term obligations	<u>\$ 17,833,437</u>	<u>\$ 19,007,900</u>
	Business-Type Activities	Business-Type Activities
Water system improvement note	<u>\$ 600,000</u>	<u>\$ 600,000</u>
Total long-term obligations	<u>\$ 600,000</u>	<u>\$ 600,000</u>

Economic Conditions and Outlook

The Village of Groveport had a downturn in income tax collections in 2009. The reduction was approximately \$2.4 million or 22.04%. Income tax receipts accounted for 67.0% of all general fund receipts. Local government funding from the State of Ohio decreased by about 17% and is expected to continue to decrease due to budget deficits at the State level. The Village is anticipating a leveling or slight increase for income taxes in 2010 due to the economy and additional new commercial tenants in the industrial park. A bright spot for the Village in 2009 was a 2% increase in revenues at the recreation center and a 13% increase at the golf course.

The Village's industrial and commercial area has grown to 14.5 million square feet, with the addition of a 936,000 square foot building in 2008. 30,000 square feet will be added to this building and it will be occupied by Kraft Foods in 2010. This will add over 200 jobs to the Village's workforce. In addition the Eddie Bauer operation will be moving 250 jobs from their New England location. The Village's commercial and industrial area currently houses Toys-r-Us, Gap, Yokahama Tire, Cardinal Health, Build A Bear, Kubota, McGraw Hill and Delphi. The bulk of the Village's tenants are retail or auto industry based.

Contacting the Village's Financial Management

This financial report is designed to provide our citizens, taxpayers and investors and creditors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. If you have questions about this report or need additional financial information please contact: Mr. Ken Salak, Finance Director, 655 Blacklick Street, Groveport, Ohio 43125.

**CASH BASIS BASIC
FINANCIAL STATEMENTS**

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**VILLAGE OF GROVEPORT
FRANKLIN COUNTY, OHIO**

STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2009

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Equity in pooled cash and investments	\$ 4,583,975	\$ 1,693,750	\$ 6,277,725
Total assets.	<u>4,583,975</u>	<u>1,693,750</u>	<u>6,277,725</u>
Net cash assets:			
Restricted for:			
Street construction	123,177	-	123,177
State highway	264,739	-	264,739
Parks and recreation	133,335	-	133,335
Security of persons and property	20,240	-	20,240
Other purposes	167,664	-	167,664
Unrestricted	<u>3,874,820</u>	<u>1,693,750</u>	<u>5,568,570</u>
Total net cash assets	<u>\$ 4,583,975</u>	<u>\$ 1,693,750</u>	<u>\$ 6,277,725</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VILLAGE OF GROVEPORT
FRANKLIN COUNTY, OHIO**

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

	<u>Cash</u> <u>Disbursements</u>	<u>Program Cash Receipts</u>		
		<u>Charges for</u> <u>Services</u>	<u>Operating Grants</u> <u>and</u> <u>Contributions</u>	<u>Capital Grants</u> <u>and</u> <u>Contributions</u>
Governmental activities:				
Current:				
Security of persons and property	\$ 1,984,456	\$ 41,744	\$ -	\$ -
Public health services	42,765	8,642	-	-
Leisure time activities	3,593,420	2,245,565	-	-
Community environment	355,469	137,393	22,987	-
Transportation.	847,171	-	555,061	-
General government.	2,829,739	90,063	74,887	-
Economic development	176,795	-	-	-
Capital outlay.	983,784	-	-	41,815
Debt service:				
Principal retirement.	5,674,463	-	-	-
Interest and fiscal charges	808,184	-	-	-
Note issuance costs	20,415	-	-	-
Total governmental activities	<u>17,316,661</u>	<u>2,523,407</u>	<u>652,935</u>	<u>41,815</u>
Business-Type activities:				
Water	986,242	379,095	-	-
Sewer	212,780	439,121	-	-
Total business-type activities	<u>1,199,022</u>	<u>818,216</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 18,515,683</u>	<u>\$ 3,341,623</u>	<u>\$ 652,935</u>	<u>\$ 41,815</u>

General cash receipts:

Property and other taxes levied for:

General purposes

Income taxes levied for:

General purposes

Debt services

Grants and entitlements not restricted to specific programs.

Sale of notes

Premium on notes

Investment receipts

Miscellaneous

Total general cash receipts.

Change in net cash assets

Net cash assets at beginning of year.

Net cash assets at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Net (Cash Disbursements) Cash Receipts and Changes in Net Cash Assets

Governmental Activities	Business-type Activities	Total
\$ (1,942,712)	\$ -	\$ (1,942,712)
(34,123)	-	(34,123)
(1,347,855)	-	(1,347,855)
(195,089)	-	(195,089)
(292,110)	-	(292,110)
(2,664,789)	-	(2,664,789)
(176,795)	-	(176,795)
(941,969)	-	(941,969)
(5,674,463)	-	(5,674,463)
(808,184)	-	(808,184)
(20,415)	-	(20,415)
<u>(14,098,504)</u>	<u>-</u>	<u>(14,098,504)</u>
-	(607,147)	(607,147)
-	226,341	226,341
<u>-</u>	<u>(380,806)</u>	<u>(380,806)</u>
<u>(14,098,504)</u>	<u>(380,806)</u>	<u>(14,479,310)</u>
295,157	-	295,157
6,802,271	-	6,802,271
1,806,577	-	1,806,577
301,410	-	301,410
4,500,000	600,000	5,100,000
32,715	2,940	35,655
90,840	-	90,840
158,669	3,229	161,898
<u>13,987,639</u>	<u>606,169</u>	<u>14,593,808</u>
(110,865)	225,363	114,498
<u>4,694,840</u>	<u>1,468,387</u>	<u>6,163,227</u>
<u>\$ 4,583,975</u>	<u>\$ 1,693,750</u>	<u>\$ 6,277,725</u>

**VILLAGE OF GROVEPORT
FRANKLIN COUNTY, OHIO**

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

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:			
Equity in pooled cash and investments	\$ 3,848,559	\$ 735,416	\$ 4,583,975
Total assets	<u>\$ 3,848,559</u>	<u>\$ 735,416</u>	<u>\$ 4,583,975</u>
Fund cash balances:			
Reserved for encumbrances.	\$ 81,648	\$ 14,936	\$ 96,584
Unreserved, undesignated, reported in:			
General fund.	3,766,911	-	3,766,911
Special revenue funds	<u>-</u>	<u>720,480</u>	<u>720,480</u>
Total fund cash balances.	<u>\$ 3,848,559</u>	<u>\$ 735,416</u>	<u>\$ 4,583,975</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VILLAGE OF GROVEPORT
FRANKLIN COUNTY, OHIO**

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

	<u>General</u>	<u>Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash receipts:				
Municipal income taxes	\$ 6,802,271	\$ 1,806,577	\$ -	\$ 8,608,848
Property and other taxes	295,157	-	-	295,157
Intergovernmental.	301,410	-	694,750	996,160
Charges for services	2,330,106	-	6,103	2,336,209
Fines and forfeitures	180,273	-	6,925	187,198
Interest income	87,073	-	3,767	90,840
Other.	150,466	104	8,099	158,669
Total cash receipts.	<u>10,146,756</u>	<u>1,806,681</u>	<u>719,644</u>	<u>12,673,081</u>
Cash disbursements:				
Current:				
Security of persons and property.	1,984,456	-	-	1,984,456
Public health services	42,765	-	-	42,765
Leisure time activities	3,573,587	-	19,833	3,593,420
Community environment.	355,469	-	-	355,469
Transportation	139,155	-	708,016	847,171
General government	2,791,243	-	38,496	2,829,739
Economic development	176,795	-	-	176,795
Capital outlay	-	-	983,784	983,784
Debt service:				
Principal retirement	17,782	5,545,016	111,665	5,674,463
Interest and fiscal charges	6,454	785,198	16,532	808,184
Note issuance costs	-	20,415	-	20,415
Total cash disbursements	<u>9,087,706</u>	<u>6,350,629</u>	<u>1,878,326</u>	<u>17,316,661</u>
Excess (deficiency) of cash receipts over (under) cash disbursements	<u>1,059,050</u>	<u>(4,543,948)</u>	<u>(1,158,682)</u>	<u>(4,643,580)</u>
Other financing receipts (disbursements):				
Note issuance.	-	4,500,000	-	4,500,000
Premium on notes	-	32,715	-	32,715
Transfers in.	-	55,982	783,843	839,825
Transfers out	(839,825)	-	-	(839,825)
Total other financing receipts (disbursements)	<u>(839,825)</u>	<u>4,588,697</u>	<u>783,843</u>	<u>4,532,715</u>
Net change in fund cash balances	219,225	44,749	(374,839)	(110,865)
Fund cash balances (deficit) at beginning of year.	<u>3,629,334</u>	<u>(44,749)</u>	<u>1,110,255</u>	<u>4,694,840</u>
Fund cash balances at end of year	<u>\$ 3,848,559</u>	<u>\$ -</u>	<u>\$ 735,416</u>	<u>\$ 4,583,975</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VILLAGE OF GROVEPORT
FRANKLIN COUNTY, OHIO**

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Budgetary basis receipts:				
Municipal income taxes	\$ 7,076,231	\$ 7,447,402	\$ 6,802,271	\$ (645,131)
Property and other taxes.	307,045	323,150	295,157	(27,993)
Intergovernmental.	313,549	329,996	301,410	(28,586)
Charges for services	2,423,950	2,551,094	2,330,106	(220,988)
Fines and forfeitures.	187,533	197,370	180,273	(17,097)
Interest income	94,305	99,252	87,073	(12,179)
Other	156,526	164,736	150,466	(14,270)
Total budgetary basis receipts.	<u>10,559,139</u>	<u>11,113,000</u>	<u>10,146,756</u>	<u>(966,244)</u>
Budgetary basis disbursements:				
Current:				
Security of persons and property	2,378,694	2,196,002	1,995,182	200,820
Public health services.	83,500	50,164	44,065	6,099
Leisure time activities	4,792,247	3,940,525	3,608,815	331,710
Community environment.	536,916	425,469	355,469	70,000
Transportation	162,827	136,061	135,763	298
General government	3,507,352	3,190,077	2,829,029	361,048
Economic development	224,856	182,767	176,795	5,972
Debt service:				
Principal retirement	-	17,782	17,782	-
Interest and fiscal charges	-	6,454	6,454	-
Total budgetary basis disbursements	<u>11,686,392</u>	<u>10,145,301</u>	<u>9,169,354</u>	<u>975,947</u>
Excess of budgetary basis receipts over budgetary basis disbursements.	<u>(1,127,253)</u>	<u>967,699</u>	<u>977,402</u>	<u>9,703</u>
Other financing (disbursements):				
Transfers out	<u>(1,200,000)</u>	<u>(987,000)</u>	<u>(839,825)</u>	<u>147,175</u>
Total other financing (disbursements)	<u>(1,200,000)</u>	<u>(987,000)</u>	<u>(839,825)</u>	<u>147,175</u>
Net change in fund cash balance	(2,327,253)	(19,301)	137,577	156,878
Fund cash balance at beginning of year.	3,493,127	3,485,383	3,485,383	-
Prior year encumbrances appropriated	<u>143,951</u>	<u>143,951</u>	<u>143,951</u>	<u>-</u>
Fund cash balance at end of year	<u>\$ 1,309,825</u>	<u>\$ 3,610,033</u>	<u>\$ 3,766,911</u>	<u>\$ 156,878</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VILLAGE OF GROVEPORT
FRANKLIN COUNTY, OHIO**

STATEMENT OF CASH BASIS ASSETS AND NET CASH ASSETS
ENTERPRISE FUNDS
DECEMBER 31, 2009

	Business-type Activities - Enterprise Funds		
	Water	Sewer	Total
Assets:			
Current assets:			
Equity in pooled cash and investments.	\$ 440,450	\$ 1,253,300	\$ 1,693,750
Total assets	440,450	1,253,300	1,693,750
Net cash assets:			
Unrestricted.	440,450	1,253,300	1,693,750
Total net cash assets.	\$ 440,450	\$ 1,253,300	\$ 1,693,750

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VILLAGE OF GROVEPORT
FRANKLIN COUNTY, OHIO**

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN NET CASH ASSETS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating cash receipts:			
Charges for services	\$ 379,095	\$ 439,121	\$ 818,216
Total operating cash receipts	<u>379,095</u>	<u>439,121</u>	<u>818,216</u>
Operating cash disbursements:			
Personal services	296,977	82,110	379,087
Contractual services	22,526	70,185	92,711
Materials and supplies	26,925	14,589	41,514
Capital outlay	<u>22,686</u>	<u>45,896</u>	<u>68,582</u>
Total operating cash disbursements	<u>369,114</u>	<u>212,780</u>	<u>581,894</u>
Operating cash receipts over operating cash disbursements	<u>9,981</u>	<u>226,341</u>	<u>236,322</u>
Nonoperating cash receipts (disbursements):			
Note issuance	600,000	-	600,000
Premium on notes	2,940	-	2,940
Note issuance cost	(2,170)	-	(2,170)
Debt Service:			
Principal	(600,000)	-	(600,000)
Interest and other fiscal charges	(14,958)	-	(14,958)
Other nonoperating revenue	<u>3,229</u>	<u>-</u>	<u>3,229</u>
Total nonoperating cash receipts (disbursements)	<u>(10,959)</u>	<u>-</u>	<u>(10,959)</u>
Changes in net cash assets.	(978)	226,341	225,363
Net cash assets at beginning of year	<u>441,428</u>	<u>1,026,959</u>	<u>1,468,387</u>
Net cash assets at end of year	<u>\$ 440,450</u>	<u>\$ 1,253,300</u>	<u>\$ 1,693,750</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**VILLAGE OF GROVEPORT
FRANKLIN COUNTY, OHIO**

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

	<u>Agency</u>
Cash assets:	
Equity in pooled cash and investments	\$ 60,088
Cash in segregated accounts.	<u>9,865</u>
Total assets	<u>\$ 69,953</u>
Net cash assets:	
Unrestricted.	<u>\$ 69,953</u>
Total net cash assets.	<u>\$ 69,953</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**VILLAGE OF GROVEPORT
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 1 - DESCRIPTION OF THE ENTITY

The Village of Groveport (the "Village") was founded in 1847 and is located in Franklin County. The Village is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio and the Village Charter. The Village Charter was adopted in 1990 and provides for a Mayor-Council-Administrator form of government. The six member council is elected at-large in odd-numbered years for overlapping four-year terms. The Council members serve as the legislative authority and the taxing authority. The Council members create and adopt the annual operating budget and approve expenditures of Village funds.

The Village provides general governmental services to its residents including: police services, community affairs, senior citizens' services, building and zoning regulation and enforcement, water and sewer services, road maintenance, parks, and other administrative support services. Madison Township provides fire protection for the Village. 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. The cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). GAAP includes 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 cases where these cash basis statements contain items that are the same as, or similar to, those items in the financial statements prepared in conformity with GAAP, similar informative disclosures are provided. 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 Statement of Activities - Cash Basis - This statement displays information about the Village as a whole, except for fiduciary funds. The statement distinguishes between those activities of the Village that are governmental and those that are considered business-type activities.

The government-wide statement of activities - cash basis compares disbursements with program receipts for each segment of the business-type activities of the Village and for each function or program of the Village's governmental activities. These disbursements are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program receipts include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Receipts which are not classified as program receipts are presented as general receipts of the Village. The comparison of direct disbursements with program receipts identifies the extent to which each business segment or governmental function is self-financing on the cash basis or draws from the general receipts of the Village.

Fund Financial Statements - Fund financial statements report detailed information about the Village. 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 fund type.

**VILLAGE OF GROVEPORT
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Proprietary funds distinguish operating transactions from nonoperating transactions. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating transactions of the Village's proprietary funds are charges for sales and services, and include personnel and other disbursements related to the operations of the enterprise activity. All other receipts and disbursements not meeting these definitions are reported as nonoperating transactions.

B. Fund Accounting

The Village uses funds to maintain its financial records during the year. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts. The Village classifies each fund as either governmental, proprietary or fiduciary.

Governmental Funds - The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants) and other non-exchange transactions as governmental funds. The following are the Village's major governmental funds:

General fund - The general fund accounts for all financial resources except those required to be accounted for in another fund.

Debt service - The debt service fund accounts for all transactions relating to the payment of debt.

Other governmental funds of the Village are used to account for grants and other resources whose use is restricted to a particular purpose and for capital improvement projects.

Proprietary Funds - These funds are used to account for activities that are financed and operated in a manner similar to private business enterprises where the intent is that costs of providing services to the general public on a continuing basis be financed or recovered primarily through user charges. The following are the Village's major enterprise funds:

Water fund - This fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

Sewer fund - This fund accounts for the provision of sewer services to its residential and commercial users located within the Village.

Fiduciary Funds - Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Village's only fiduciary funds are agency funds which account for the Village's Mayor's Court and escrow inspections.

**VILLAGE OF GROVEPORT
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

C. Basis of Accounting

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

The budgetary process is prescribed by provisions of the Ohio Revised Code (ORC) and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendments throughout the year with the legal restriction that appropriations cannot exceed estimated resources. All funds, other than agency funds, legally are required to be budgeted and appropriated. The legal level of budgetary control is at the department level in the general fund, and at the fund level for all other funds. Budgetary modifications outside of the legal level of budgetary control may only be made by resolution of Village Council.

A budget of estimated revenues and expenditures is submitted to the County Auditor by July 20 of each year, for the period January 1 to December 31 of the following year.

The County Budget Commission certifies its actions to the Village by September 1. As part of this certification, the Village receives the official certificate of estimated resources which states the projected revenue of each fund. On or about January 1, this certificate of estimated resources is amended to include any unencumbered balances from the preceding year. Prior to December 31, the Village must revise its budget so that the total contemplated expenditures from any fund during the ensuing year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the following year as authority for expenditure. Budgeted receipts as shown in the accompanying financial statements do not include January 1, 2009 unencumbered fund balances. However, those fund balances are available for appropriations. The amounts reported on the budgetary statements reflect the amounts in the original and final amended official certificate of estimated resources issued during 2009.

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January 1 to March 31.

**VILLAGE OF GROVEPORT
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified and beginning-year fund balance. Supplemental appropriations were made in 2009. These supplemental appropriations were legally enacted by Village Council. The budget figures which appear in the statements of budgetary comparisons represent the original and final appropriation amounts, including all amendments and modifications.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is utilized during the year for budget control purposes. Encumbrances outstanding at year-end are reported as expenditures under the Village's budgetary basis of accounting.

E. Cash and Cash Equivalents

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the Village's records. Each fund's interest in the pool is presented as "equity in pooled cash and investments" on the basic financial statements. Cash and cash equivalents that are held separately for Mayor's Court and flex spending accounts and not held in the Village treasury are recorded on the financial statements as "cash in segregated accounts."

During 2009, investments were limited to investments in the State Treasury Asset Reserve of Ohio (STAR Ohio), federal agency securities and money market mutual funds.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts, such as nonnegotiable certificates of deposit, are reported at cost.

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

For presentation on the statement of net assets, investments with an original maturity of three months or less and investments of the cash management pool are considered to be cash equivalents.

Interest income is distributed to the funds according to charter and statutory requirements. Interest revenue earned and credited to the general fund during 2009 amounted to \$87,073, of which \$36,389 was assigned from other Village funds.

An analysis of the Village's investment account at year-end is provided in Note 4.

F. Capital Assets

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

**VILLAGE OF GROVEPORT
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Village (See Note 2.C.).

H. Long-term Obligations

Bonds and other long-term obligations are not recognized as a liability in the financial statements under the cash basis of accounting. These statements report proceeds of debt when cash is received, and debt service disbursements for debt principal payments.

I. Net Assets

Net assets are reported as restricted when enabling legislation or creditors, grantors or laws or regulations of other governments have imposed limitations on its use.

The Village applies restricted resources when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

Compliance

- i.* The Village had appropriations in excess of actual resources in noncompliance with Ohio Revised Code Section 5750.36(A)(4).
- ii.* The Village did not process clerk certificates in noncompliance with Ohio Revised Code Section 5705.41(D).
- iii.* The Village was in noncompliance with Ohio Revised Code Section 5705.38(C).
- iv.* The Village incorrectly allocated interest revenue and was in noncompliance with Ohio Constitution Article XII, Section 5a and 1982 Op. Attorney General No. 82-031.

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS

State statutes classify monies held by the Village into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such 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 the Village 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.

**VILLAGE OF GROVEPORT
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

Interim deposits are deposits of interim monies. Interim moneys 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.

Protection of the Village's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Finance Director by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, 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 obligations or securities 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 that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in item (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

The Village may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default of principal, interest or coupons; and,

**VILLAGE OF GROVEPORT
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

3. Obligations of the Village.

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 Finance Director or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Cash in Segregated Accounts

The Village has depository accounts outside of the Village treasury to account for Mayor's Court and for the Village's flexible spending plan operations. The carrying amounts of these depository accounts at December 31, 2009 were \$3,810 and \$6,055, respectively. These depository accounts are included in "deposits with financial institutions" below.

B. Deposits with Financial Institutions

At December 31, 2009, the carrying amount of all Village deposits was \$701,808. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2009, \$778,684 of the Village's bank balance of \$1,038,549 was exposed to custodial risk as discussed below, while \$259,865 was covered by the FDIC.

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. As permitted by the Ohio Revised Code, the Village's deposits are collateralized by a pool of eligible securities deposited with Federal Reserve Banks, or at member banks of the Federal Reserve System, in the name of the depository bank and pledged as a pool of collateral against all public deposits held by the depository. The Village has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the Village to a successful claim by the FDIC.

C. Investments

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

Investment type	Fair Value	Investment Maturities				
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
FHLB	\$ 599,845	\$ -	\$ 103,125	\$ -	\$ -	\$ 496,720
FHLMC	2,304,893	-	103,594	-	-	2,201,299
FNMA	402,000	-	-	-	-	402,000
STAR Ohio	69,726	69,726	-	-	-	-
Money market mutual funds	2,269,406	2,269,406	-	-	-	-
Total	\$ 5,645,870	\$ 2,339,132	\$ 206,719	\$ -	\$ -	\$ 3,100,019

The weighted average maturity of investments is 1.46 years.

**VILLAGE OF GROVEPORT
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

Interest Rate Risk: The Ohio Revised Code general limits security purchases to those that mature within five years of the settlement date. 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 consideration of market conditions and cash flow requirements in determining the term of an investment.

Credit Risk: The Village's investments, except for STAR Ohio, were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned STAR Ohio an AAAM money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard service rating. The District's investment policy does not specifically address credit risk beyond requiring the District to only invest in securities authorized by State statute.

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 federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent but not in the Village's name. The Village has no investment policy dealing with investment custodial risk beyond the requirement in State statute.

Concentration of Credit Risk: The Village's investment policy addresses concentration of credit risk by requiring investments to be diversified to reduce the risk of loss resulting from over concentration of assets in a specific issue or specific class of securities.

The following table includes the percentage of each investment type held by the Village at December 31, 2009:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
FHLB	\$ 599,845	10.62
FHLMC	2,304,893	40.83
FNMA	402,000	7.12
STAR Ohio	69,726	1.23
Money market mutual funds	<u>2,269,406</u>	<u>40.20</u>
Total	<u>\$ 5,645,870</u>	<u>100.00</u>

**VILLAGE OF GROVEPORT
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

D. Reconciliation of Cash and Investments to the Statement of Net Assets

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net assets as of December 31, 2009:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 701,808
Investments	<u>5,645,870</u>
Total	<u>\$ 6,347,678</u>
<u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 4,583,975
Business-type activities	1,693,750
Agency fund	<u>69,953</u>
Total	<u>\$ 6,347,678</u>

NOTE 5 - INTERFUND TRANSFERS

Interfund transfers for the year ended December 31, 2009, consisted of the following, as reported in the fund financial statements:

<u>Transfers to</u>	<u>Transfers from</u>
	<u>General</u>
Debt service	\$ 55,982
Nonmajor governmental funds	<u>783,843</u>
Total	<u>\$ 839,825</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. All transfers were made in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

Interfund transfers between governmental funds are eliminated for reporting in the statement of activities.

**VILLAGE OF GROVEPORT
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 6 - PROPERTY TAX

Property taxes include amounts levied against all real, public utility and tangible personal property located in the Village. Taxes collected from real property taxes (other than public utility) in one calendar year are levied in the preceding calendar year on the assessed value as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revaluated every six years. 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 real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2009 public utility property taxes became a lien December 31, 2008, were levied after October 1, 2009, and are collected in 2010 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

Beginning in calendar year 2009 tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property tax collections in calendar year 2009 represent delinquent collections.

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

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.

The full tax rate for all Village operations for the year ended December 31, 2009 was \$1.40 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2009 property tax receipts were based are as follows:

<u>Real Property</u>	
Residential/Agricultural	\$ 102,192,720
Commercial/Industrial/Mineral	80,361,100
Tangible Personal Property	253,507
<u>Public Utility</u>	
Real	12,790
Personal	15,815,840
Total Assessed Value	<u>\$ 198,635,957</u>

**VILLAGE OF GROVEPORT
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 7 - LOCAL INCOME TAX

The 2.0 percent Village income tax, which is not subject to renewal, is levied on substantially all income earned within the Village. In addition, the residents of the Village are required to pay Village income tax on income they earn outside the Village; however, full credit is allowed for all income taxes these residents pay to other municipalities. Employers within the Village are required to withhold income tax on employee compensation and remit the tax to the Village at least quarterly. Major employers are required to remit withholdings to the Village monthly. Corporations and self-employed individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually with the Village. During 2009, the Village collected \$8,608,848 in income tax receipts.

NOTE 8 - CAPITAL LEASES - LESSEE DISCLOSURE

In prior years, the Village entered into capital lease agreements for the purchase of a riding mower, air conditioning system, copiers, and golf and parks equipment. These leases meet the criteria of a capital lease as defined by FASB Statement No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures in the financial statements.

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the future minimum lease payments as of December 31, 2009.

Fiscal Year Ending <u>December 31</u>	<u>Total</u>
2010	\$ 219,955
2011	219,955
2012	21,992
2013	<u>12,384</u>
Total future minimum lease payments	474,286
Less: amount representing interest	<u>(44,280)</u>
Present value of future minimum lease payments	<u>\$ 430,006</u>

**VILLAGE OF GROVEPORT
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 9 - DEBT OBLIGATIONS

A. During 2009, the following activity occurred in the governmental activities long-term obligations:

	Balance			Balance	Amounts
	12/31/08	Additions	Reductions	12/31/09	Due in
<u>Governmental activities:</u>					<u>One Year</u>
Income Tax Revenue Bonds	\$ 12,715,000	\$ -	\$ (685,000)	\$ 12,030,000	\$ 710,000
Notes Payable	4,600,000	4,500,000	(4,600,000)	4,500,000	4,500,000
OPWC Loan Payable - East Main Street	535,014	-	(89,169)	445,845	29,723
OPWC Loan Payable - Hamilton Road	270,466	-	(45,078)	225,388	15,026
OPWC Loan Payable - Bixby Road	224,664	-	(22,466)	202,198	11,233
Capital Lease Payable	<u>662,756</u>	<u>-</u>	<u>(232,750)</u>	<u>430,006</u>	<u>193,174</u>
Total Governmental Activities	<u>\$ 19,007,900</u>	<u>\$ 4,500,000</u>	<u>\$ (5,674,463)</u>	<u>\$ 17,833,437</u>	<u>\$ 5,459,156</u>

Income Tax Revenue Bonds: On October 1, 2002, the Village issued income tax revenue bonds for the purpose of constructing, furnishing and equipping a recreation center with related facilities, site improvements and to advance refund the 1996 general obligation capital facilities bonds by purchasing U.S. Government Securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. The Village used \$1,291,606 from the issuance to purchase securities which were placed in an irrevocable trust which will provide resources for all future debt service payments on the refunded debt. The refunded debt is considered defeased and the applicable liabilities have been removed from the financial statements. The refunding resulted in an economic gain of \$142,988. The principal balance of the general obligation capital facilities refunded bonds at December 31, 2009 was \$285,000.

The Village has pledged future income tax revenues to finance the constructing, furnishing and equipping of a recreation center. The income tax revenue bonds are payable solely from income tax revenues and are payable through 2022. Annual principal and interest payments on the bonds are expected to require less than 70.26 percent of net revenues. The total principal remaining to be paid on the income tax revenue bonds is \$12,030,000. Principal and interest paid for the current year and total available income tax revenues were \$1,269,226 and \$1,806,577, respectively.

Land Acquisition and Improvement Notes: On January 15, 2009, the Village issued \$4,500,000 in notes, bearing an interest rate of 3.50%, for the purchase of a golf course and the construction of certain public infrastructure improvements. The notes have a maturity date of January 14, 2010. These notes were a rollover from the notes issued on January 16, 2008.

OPWC Loans: The Village has three OPWC loans: one for the East Main Street improvement project, one for the Hamilton Road improvement project, and one for the Bixby Road improvement project. All three loans have an interest rate of 0%.

All debt is expected to be paid from the debt service fund. Capital leases are paid from the general, debt service fund and other governmental funds.

**VILLAGE OF GROVEPORT
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 9 - DEBT OBLIGATIONS - (Continued)

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

Fiscal Year Ending December 31,	Revenue Bonds		
	Principal	Interest	Total
2010	\$ 710,000	\$ 563,305	\$ 1,273,305
2011	730,000	540,585	1,270,585
2012	755,000	516,860	1,271,860
2013	790,000	479,110	1,269,110
2014	820,000	452,250	1,272,250
2015 - 2019	4,760,000	1,603,500	6,363,500
2020 - 2022	3,465,000	352,000	3,817,000
Total	<u>\$ 12,030,000</u>	<u>\$ 4,507,610</u>	<u>\$ 16,537,610</u>

Fiscal Year Ending December 31,	Land Acquisition and Improvement Notes			OPWC Loans		
	Principal	Interest	Total	Principal	Interest	Total
2010	\$ 4,500,000	\$ 157,500	\$ 4,657,500	\$ 55,982	\$ -	\$ 55,982
2011	-	-	-	111,965	-	111,965
2012	-	-	-	111,964	-	111,964
2013	-	-	-	111,965	-	111,965
2014	-	-	-	111,964	-	111,964
2015 - 2019	-	-	-	369,591	-	369,591
Total	<u>\$ 4,500,000</u>	<u>\$ 157,500</u>	<u>\$ 4,657,500</u>	<u>\$ 873,431</u>	<u>\$ -</u>	<u>\$ 873,431</u>

B. During 2009, the following activity occurred in the business-type activities long-term obligations:

<u>Business-type activities:</u>	Balance	<u>Additions</u>	<u>Reductions</u>	Balance	Amounts
	<u>12/31/08</u>			<u>12/31/09</u>	Due in
					<u>One Year</u>
Water System Improvement Note	<u>\$ 600,000</u>	<u>\$ 600,000</u>	<u>\$ (600,000)</u>	<u>\$ 600,000</u>	<u>\$ 600,000</u>

Water System Improvement Notes: On July 29, 2009, the Village issued \$600,000 in notes, bearing an interest rate of 2.25%, for water line reconstruction and the construction of certain public infrastructure improvements. The notes were a rollover from the notes issued on July 30, 2008 and have a maturity date of July 28, 2010.

**VILLAGE OF GROVEPORT
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 9 - DEBT OBLIGATIONS - (Continued)

C. Legal Debt Margin

The Ohio Revised Code provides that the net debt of a municipal corporation, whether or not approved by the electors, shall not exceed 10.5% of the total value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total taxation value of property. The assessed valuation used in determining the Village's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in calculating the Village's legal debt margin calculation excludes tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. At December 31, 2009, the Village's total debt margin was \$20,829,732 and the unvoted debt margin was \$10,910,812.

NOTE 10 - RISK MANAGEMENT

A. Comprehensive

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2009, the Village was part of the Ohio Municipal League Joint Self - Insurance Pool an insurance purchasing pool, for general liability, property, auto, crime, forgery, employee liability, public officers liability, and boiler and machinery insurance. The Village has transferred its risk of loss to the insurance carrier to the extent of the limits shown below.

<u>Type of Coverage</u>	<u>Deductible</u>	<u>Limits of Coverage</u>
<u>Property</u>	\$1,000	\$17,507,751
<u>General Liability:</u>		
Per occurrence	1,000	3,000,000
Annual aggregate	1,000	3,000,000
<u>Inland Marine:</u>		
Accounts Receivable	1,000	250,000
Contractors Equipment	500	634,596
Police Equipment	500	112,836
EDP	500	191,000
<u>Vehicles:</u>		
Comprehensive	1,000	3,000,000
Collision	1,000	3,000,000
<u>Employees:</u>		
Public Officials Liability	1,000	3,000,000
Employee Benefit Liability	1,000	1,000,000
Municipal Attorney and Law Director's Liability	1,000	1,000,000

B. Health Insurance

During 2009, the Village was insured through Commercial Health insurance coverage with Anthem. The Village employees pay 10% contributions towards their health insurance premiums.

**VILLAGE OF GROVEPORT
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 10 - RISK MANAGEMENT - (Continued)

C. Workers' Compensation

The Village participates in the Ohio Municipal League public entity insurance purchasing pool for workers' compensation. The Group Rating Plan is administered by Gates McDonald Company. The OML Group Rating Plan is intended to achieve lower workers' compensation premium rates for the participants, and result in the establishment of a safer working environment. There are no additional contributions required by a participant other than their annual fee.

There were no significant reductions in insurance coverage from the prior year in any category of risk. Claims have not exceeded coverage limitations in any of the past three years.

NOTE 11 - PENSION PLANS

A. Ohio Public Employees Retirement System

Plan Description - The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional 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% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the Combined Plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the Traditional Pension Plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the Member-Directed Plan. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only within the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, Attention: Finance Director, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions. For 2009, member and employer contribution rates were consistent across all three plans. While members in the State and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Plan. The 2009 member contribution rates were 10.00% for members in State and local classifications. Public safety and law enforcement members contributed 10.10%.

**VILLAGE OF GROVEPORT
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 11 - PENSION PLANS - (Continued)

The Village's contribution rate for pension benefits for 2009 was 7.00% from January 1 through March 31, 2009 and 8.50% from April 1 through December 31, 2009, except for those plan members in law enforcement and public safety. For those classifications, the Village's pension contributions were 10.63% from January 1 through March 31, 2009 and 12.13% from April 1 through December 31, 2009. The Village's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2009, 2008, and 2007 were \$332,119, \$296,591, and \$300,506, respectively; 92.92% has been contributed for 2009 and 100% has been contributed for 2008 and 2007.

B. Ohio Police and Fire Pension Fund

Plan Description - The Village contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial statements 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 - Plan members are required to contribute 10.0% of their annual covered salary, while the Village is required to contribute 19.50% and 24.00% for police officers and firefighters, respectively. Contribution rates are established by State statute. For 2009, the portion of the Village's contributions to fund pension obligations was 12.75% for police officers and 17.25% for firefighters. The Village's required contributions for pension obligations to OP&F for police officers for the years ended December 31, 2009, 2008, and 2007 were \$165,948, \$145,831 and \$134,996, respectively; 85.16% has been contributed for 2009 and 100% has been contributed for 2008 and 2007.

NOTE 12 - POSTRETIREMENT BENEFIT PLANS

A. Ohio Public Employees Retirement System

Plan Description - OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to 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.

To qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have ten years or more of qualifying Ohio service credit. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, Attention: Finance Director, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

**VILLAGE OF GROVEPORT
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 12 - POSTRETIREMENT BENEFIT PLANS - (Continued)

Funding Policy - The post-employment healthcare plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). State statute requires that public employers fund post-employment healthcare through contributions to OPERS. A portion of each employer's contribution to the Traditional or Combined Plans is set aside for the funding of post-employment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2009, local government employers contributed 14.00% of covered payroll (17.63% for public safety and law enforcement). Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the postemployment health care benefits. The portion of employer contributions allocated to fund post-employment healthcare for 2009 was 7.00% from January 1 through March 31, 2009 and 5.50% from April 1 through December 31, 2009.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by 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 healthcare plan.

The Village's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2009, 2008, and 2007 were \$237,543, \$296,591, and \$199,853, respectively; 92.92% has been contributed for 2009 and 100% has been contributed for 2008 and 2007.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Board of Trustees on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

B. Ohio Police and Fire Pension Fund

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

OP&F provides access to post-employment health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person.

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 statements 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.

**VILLAGE OF GROVEPORT
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 12 - POSTRETIREMENT BENEFIT PLANS - (Continued)

Funding Policy - The OP&F's post-employment healthcare plan was established and is administered as an Internal Revenue Code 401(h) account within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees. The Ohio Revised Code sets the contribution rates for participating employers and for plan members to the OP&F. Participating employers are required to contribute to the pension plan at rates expressed as of the payroll of active pension plan members, currently, 19.50% and 24.00% of covered payroll for police and fire employers, respectively.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan into the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2009, the employer contribution allocated to the health care plan was 6.75% 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 the pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees also is 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. Active members do not make contributions to the OPEB Plan.

The Village's contributions to OP&F which were allocated to fund post-employment healthcare benefits for police officers for the years ended December 31, 2009, 2008, and 2007 were \$87,855, \$77,204 and \$71,468, respectively; 85.16% has been contributed for 2009 and 100% has been contributed for 2008 and 2007.

NOTE 13 - 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 cash receipts, cash disbursements and changes in fund cash balance - budget and actual (budgetary basis) presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). At December 31, 2009, the encumbrances outstanding at year end (budgetary basis) amounted to \$81,648 in the general fund.

NOTE 14 - CONTINGENCIES

A. Grants

The Village receives significant financial assistance from federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual opinion units included herein or on the overall financial position of the Village at December 31, 2009.

**VILLAGE OF GROVEPORT
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

NOTE 14 - CONTINGENCIES - (Continued)

B. Litigation

The Village is a party in legal proceedings. The Village is of the opinion that the ultimate disposition of all claims and legal proceedings will not have a material effect, if any, on the financial condition of the Village.

NOTE 15 - SUBSEQUENT EVENTS

- i.* On January 14, 2010, the Village issued bonds in the amount of \$4,465,000. The proceeds were used to pay off the Land Acquisition and Improvements Notes. The bonds bear an interest rate ranging from 2.0% to 5.0% and mature on December 1, 2029.
- ii.* In 2010, the Village refinanced the \$600,000 in Water System Improvement Notes bearing an interest rate of 2% and maturity in 2011.



Julian & Grube, Inc.
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333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Independent Accountant's Report on Internal Control Over
Financial Reporting and on Compliance and other Matters
Required by *Government Auditing Standards***

Village of Groveport
655 Blacklick Street
Groveport, OH 43125

To the Members of Council and Mayor:

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 Groveport, Franklin County, Ohio, as of and for the year ended December 31, 2009, which collectively comprise the Village of Groveport's basic financial statements and have issued our report thereon dated September 17, 2010, wherein we noted the Village of Groveport prepared its financial statements on the cash basis, a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Groveport's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Village of Groveport's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village of Groveport'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 and responses, we identified a certain deficiency in internal control over financial reporting, that we consider to be a material weakness and other deficiencies we consider to be significant deficiencies.

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

A significant deficiency is a deficiency, or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2009-VOG-004 and 2009-VOG-005 described in the accompanying schedule of findings and responses to be significant deficiencies.

Members of Council and Mayor
Village of Groveport

Compliance and Other Matters

As part of reasonably assuring whether the Village of Groveport'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 four instances of noncompliance or other matters reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings and responses as items 2009-VOG-002, 2009-VOG-003, 2009-VOG-006 and 2009-VOG-007.

We also noted certain matters not requiring inclusion in this report that we reported to the Village of Groveport's management in a separate letter dated September 17, 2010.

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

This report is intended solely for the information and use of the management, members of Council and Mayor of the Village of Groveport, and is not intended to be and should not be used by anyone other than these specified parties.



Julian & Grube, Inc.
September 17, 2010

**VILLAGE OF GROVEPORT
FRANKLIN COUNTY, OHIO**

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

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2009-VOG-001

Material Weakness - Financial Statement Reporting

Sound financial reporting is the responsibility of the Village Council and Finance Department. It is essential that strong internal controls are in place and properly working efficiently and effectively.

We identified misstatements in the financial statements for the year under audit that were not initially identified by the Village's internal control. The audit adjustments were made to the Village's financial statements. A description of the adjustments follows:

Payroll - The Village inputs employee timesheets into the payroll system based on activity. We noted two individuals hours were not properly recorded in the payroll system in the appropriate activity/fund. To properly record this water personal services was increased \$34,253, sewer personal services was increased \$34,253 and street personal services was decreased \$68,505. The audited financial statements and the Village's records reflect these adjustments.

Interest - The Village did not allocate interest properly. An adjustment was necessary to decrease General Fund interest receipts \$3,581 and increase Street Construction, Maintenance & Repair Fund interest receipts \$2,847 and increase State Highway Fund interest receipts \$734.

The audited financial statements and the Village's records reflect these adjustments.

The presentation of materially correct financial statements and the related footnotes is the responsibility of management.

We recommend that the Village implement control procedures that enable management to identify, prevent, detect and correct potential misstatements in the financials and footnotes.

Client Response: The Village will attempt to present more materially correct financial statements in the future.

Finding Number	2009-VOG-002
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Ohio Revised Code Section 5705.36 (A)(4) states that upon a determination by the clerk-treasurer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the clerk-treasurer shall certify the amount of the deficiency to the commission, and the commission shall certify an amended certificate reflecting the deficiency.

**VILLAGE OF GROVEPORT
FRANKLIN COUNTY, OHIO**

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

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2009-VOG-002 - (Continued)

At December 31, 2009, the Village had appropriations greater than actual resources, in the following funds:

Fund Type/Fund	Actual Resources	Appropriation	Excess
<u>Special Revenue Funds:</u>			
Street Maintenance and Repair	\$ 743,058	\$ 832,130	\$ 89,072
TIF Fund	31,663	50,500	18,837
Tree Fund	-	50,000	50,000
<u>Debt Service Fund:</u>			
Debt Service	6,350,629	6,695,000	344,371
<u>Capital Projects Fund:</u>			
Capital Improvements	1,280,441	2,064,607	784,166

By appropriating more funds than actual resources, the Village is at risk of spending more money than is available; this may result in negative fund balances.

We recommend the Village monitor appropriations in comparison to actual resources and obtain decreased amended appropriations as needed. Further guidance may be found in Auditor of State Bulletin 97-010.

Client Response: The Village is attempting to monitor the budget more closely.

Finding Number	2009-VOG-003
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Ohio Revised Code Section 5705.41 (D) requires that no orders or contracts involving the disbursement of monies are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

29% of disbursements were not timely certified.

Without timely certification, the Village may expend more funds than available in the treasury, in the process of collection or than funds appropriated. In addition, by purchasing items prior to Council approval or absent the fiscal officer's certificate process, the potential for unnecessary purchases or items for improper public purpose cannot be prevented if approval is after the fact.

We recommend that the Village implement a policy and procedure for the use of fiscal officer certificates to help ensure that the disbursements are timely certified. This will help ensure that all monies expended are lawfully appropriated and available in the treasury or in the process of collection. The Village should issue approved fiscal officer certificates and consider using regular blanket and super blanket purchase orders, and/or "Then and Now" certificates where applicable.

Client Response: The Village will attempt to utilize the fiscal officer certificate system as required by the Ohio Revised Code.

**VILLAGE OF GROVEPORT
FRANKLIN COUNTY, OHIO**

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

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2009-VOG-004

Significant Deficiency - Payroll Expenditure Allocation

Payroll disbursements should be charged to funds and departments based upon actual work performed by employees and officials. The Village should have a control system in place to identify and quantify time employees spend on activities within each fund and department.

Throughout 2009, personal services were charged to funds and departments based on where appropriations were available rather than where the payroll was incurred. Payroll disbursements totaling \$68,505 were charged entirely to the Street Maintenance and Repair Fund, although their work duties included significant responsibilities within the Water and Sewer Department.

The proper allocation of those charges has been corrected by the audit adjustment included in Finding 2009-VOG-001 and is reflected in the accompanying financial statements and Village accounting records.

We recommend the Village implement a formal control structure to quantify and track employee time that supports the allocations among the departments and funds. If the Village elects to allocate payroll expenditures for salaried employees among various departments, this allocation should be documented based on actual time spent or by percentages based on the individual's job duties that are reasonably routine and predictable.

Client Response: The Village has made changes to the payroll expenditure allocation process and will provide documentation on time spent and/or percentage worked within each department.

Finding Number	2009-VOG-005
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Significant Deficiency - Utility Non-Cash Adjustments and Write-Offs

A policy over non-cash adjustments and write-offs and a formal review process over meter reading reports prior to billing are essential to ensure proper financial reporting. The Village should maintain a policy over non-cash adjustments and write-offs, as to limitations on amounts that can be adjusted and approval of such adjustments. There should also be documented review of meter reading reports before bills are disbursed by the department head.

The Village Public Works department clerk completes many tasks relating to water and sewer billing manually. The meter books are hand written tablets, which the clerk then uses to manually enter the readings into the computer system. However, no review of the information input into the system is completed other than by the inputting clerk, who only scans the meter reading report for unusual items. If a discrepancy is found, the clerk goes into the CMI system and makes the changes, usually via a miscellaneous charge, which does not require any approval from higher authority. Other miscellaneous charges are also entered into the system by the clerk under certain circumstances (i.e. billing disputes, misapplied payments to wrong accounts), but also lack any documented approval. Furthermore, consumption and in turn generated billings with known adjustments did not agree to receipts and accounts receivable over water and sanitary sewer usage with no explanation from the Village as to the variances.

**VILLAGE OF GROVEPORT
FRANKLIN COUNTY, OHIO**

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

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
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Finding Number	2009-VOG-005 - (Continued)
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Failure to have further review of the billings and approval for non-cash adjustments with an appropriate trail of evidence may result in improper billings with the Village not billing and receiving the correct amounts due. Further, the trail of these adjustments and write-offs hinder management's ability to effectively monitor water and sanitary sewer usage and the related revenues.

We recommend the Village develop a formal review process over the meter reading reports with an independent, documented review. Any discrepancies discovered during the review process need to be documented, and then corrected after a proper documented approval is obtained. We also recommend the Village develop a policy over non-cash adjustments that can be made to an account.

Client Response: The Village will establish a written policy for utility billing. Any adjustments or payment issues will be approved by finance and administration.

Finding Number	2009-VOG-006
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Ohio Revised Code Section 5705.38 (C) requires that for subdivisions other than schools, appropriation measures shall be classified so as to set forth separately the amounts appropriated for each office, department, and division, and, within each, the amount appropriated for personal services.

The Village appropriated at the fund level for all funds, except the General Fund, which was approved at the department level.

Failure to appropriate and monitor expenditures at the required legal level of control could lead to ineffective budgetary oversight of expenditures.

We recommend the Village Council approve all annual appropriation measures and amendments as prescribed by the Ohio Revised Code, or consider a charter modification to specify the preferred legal level of control.

Client Response: The Village will consider modifying their legal level of control.

Finding Number	2009-VOG-007
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Oho Constitution Article XII, Section 5a and 1982 Op. Attorney General No. 82-031 requires that interest earned on money derived from a motor vehicle license or fuel tax must follow the principal.

The amount of \$3,581 of interest earned in 2009 on permissive motor vehicle and fuel tax receipts was improperly credited to the General Fund. The \$3,581 should have been recorded as \$2,847 of interest in the Street Maintenance and Repair Fund and \$734 of interest in the State Highway Fund. The audited financial statements have been adjusted to properly reflect these amounts. The Village recorded this adjustment in their 2010 records.

By not recording on the permissive motor vehicle and fuel tax receipts, the Village was in noncompliance with State of Ohio statutes.

**VILLAGE OF GROVEPORT
FRANKLIN COUNTY, OHIO**

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

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2009-VOG-007 - (Continued)

We recommend that the Village consult applicable statutory requirements and allocate interest revenue to proper funds on a monthly basis.

Client Response: The Village will attempt to properly allocate interest revenue in the future.

**VILLAGE OF GROVEPORT
FRANKLIN COUNTY, OHIO**

**STATUS OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2008-VOG-001	<u>Material Weakness</u> - Financial Reporting. Misstatements were noted in the Village's financial statements.	No	Repeated as finding 2009-VOG-001
2008-VOG-002	Ohio Revised Code Section 5705.36(A)(4) states that upon a determination by the Fiscal Officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate.	No	Repeated as finding 2009-VOG-002
2008-VOG-003	Ohio Revised Code Section 5705.40 requires, in part, that any appropriation measure may be amended or supplemented if the entity complies with the same laws used in making the original appropriation.	Yes	N/A
2008-VOG-004	Ohio Revised Code Section 5705.41(B) requires, in part, that no subdivision is to expend monies unless it has been appropriated.	Yes	N/A
2008-VOG-005	<u>Significant Deficiency</u> - Payroll Expenditure Allocations.	No	Repeated as finding 2009-VOG-004
2008-VOG-006	<u>Significant Deficiency</u> - Utilities - Non-cash Adjustments and Write-offs.	No	Repeated as finding 2009-VOG-005
2008-VOG-007	Ohio Revised Code Section 5705.38(C) requires that appropriation measures shall be classified so as to set forth separately the amounts appropriated for each office, department and division and within each amount appropriated for personal service.	No	Repeated as finding 2009-VOG-006

**VILLAGE OF GROVEPORT
FRANKLIN COUNTY, OHIO**

**STATUS OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2008-VOG-008	The Village had negative fund balances in noncompliance with Ohio Revised Code Section 5705.10.	Yes	N/A
2008-VOG-009	<u>Finding - Interest</u> - The Village improperly recorded interest earned to the appropriate funds.	No	Repeated as finding 2009-VOG-007

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Mary Taylor, CPA
Auditor of State

VILLAGE OF GROVEPORT

FRANKLIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 28, 2010**