

**VILLAGE OF OBETZ
FRANKLIN COUNTY, OHIO**

***FINANCIAL STATEMENTS*
(AUDITED)**

FOR THE YEAR ENDED
DECEMBER 31, 2012

JEFF WILCHECK, FINANCE DIRECTOR



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Village of Obetz, Franklin County, prepared by Julian & Grube, Inc., for the audit period January 1, 2012 through December 31, 2012. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

March 26, 2014

This page intentionally left blank.

**VILLAGE OF OBETZ
FRANKLIN COUNTY, OHIO**

**BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012**

TABLE OF CONTENTS

Independent Auditor's Report	1 - 2
Management's Discussion and Analysis	3 - 12
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	13
Statement of Activities	14 - 15
Fund Financial Statements:	
Balance Sheet - Governmental Funds.....	16 - 17
Reconciliation of Total Governmental Fund Balance To Net Position of Governmental Activities	19
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	20 - 21
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to Statement of Activities.....	22
Statement of Revenues, Expenditures, and Changes in Fund Balance Budget (Non-GAAP Budgetary Basis) and Actual - General Fund.....	23
Statement of Net Position - Proprietary Funds	24 - 25
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	26 - 27
Statement of Cash Flows - Proprietary Funds	28 - 29
Statement of Fiduciary Assets and Liabilities - Agency Funds	30
Notes to the Basic Financial Statements	31 - 65
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	66 - 67

This page intentionally left blank.



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

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

To the Members of Council and Mayor:

Report on the Financial Statements

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 Obetz, Franklin County, Ohio, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Village of Obetz's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village of Obetz's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village of Obetz's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Obetz, Franklin County, Ohio, as of December 31, 2012, and the respective changes in financial position and, where applicable, cash flows and the budgetary comparison for the General fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3, the Village of Obetz implemented presenting their financial statements in accordance with generally accepted accounting principles for the year ended December 31, 2012. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2014, on our consideration of the Village of Obetz's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Obetz's internal control over financial reporting and compliance.



Julian & Grube, Inc.
January 27, 2014

Village of Obetz
Management's Discussion and Analysis
For the Year Ended December 31, 2012
Unaudited

The discussion and analysis of the Village of Obetz's financial performance provides an overview of the Village's financial activities for the year ended December 31, 2012. The intent of this discussion and analysis is to look at the Village's financial performance as a whole.

HIGHLIGHTS

Highlights for 2012 are as follows:

In total, the Village's net position increased 11 percent from the prior year; a 13 percent increase for governmental activities and a 5 percent increase for business-type activities. The net position for governmental activities rose as a result of receiving over \$7,000,000 in grant revenue to support the continuing construction of the Alum Creek Drive/Groveport Road intersection. General revenues made up 48 percent of the total revenues for governmental activities in 2012; when the non-recurring capital grant for highway construction is removed, this percentage increases to 89 percent. Approximately 60 percent of general revenues was provided by income taxes which remains the most significant Village operating revenue.

Since the Village is not authorized to levy a sales tax and the property tax base within the Village is small, the Village does not have an alternative revenue source that it can utilize to reduce the reliance on income taxes. The Village has attempted to address this issue by expanding its income tax base outside the boundaries of the Village through the creation of the Joint Economic Development Zone (JEDZ) within Prairie Township. This agreement between the Township and the Village allows the Village to receive a portion of the income taxes collected within the JEDZ. This has proven to be an effective way to augment the taxes generated locally; revenue from the JEDZ in 2012 was approximately \$592,000.

The reconstruction of the Alum Creek Drive/Groveport Road intersection progressed with completion during the summer of 2013. Although the intersection belongs to and is the responsibility of the Village, the financial activity for the project was handled by the Franklin County Engineer. The Village records revenues and expenditures based on reports provided by the Engineer's office. At the end of 2012, expenditures for the project exceeded \$14 million with a final estimated cost of \$17 million.

Improvements to Lancaster and Community Center parks have begun. Lancaster Park will receive a combination splash pad/ice rink and additional restroom and parking facilities. In Community Center Park, a portion of the Community Center will be demolished and replaced with a community room designed to accommodate up to two hundred fifty people for receptions, corporate meetings, and senior activities. The parking facilities will also be expanded.

General obligation bonds, in the amount of \$6,240,000, were issued in 2012. A portion of the proceeds is being used to finance improvements to Lancaster and Community Center parks. The remainder was used to refinance bonds originally issued for the construction of the Municipal Building. The refinancing allowed the Village to take advantage of a significant reduction in interest rates much like a homeowner refinances the mortgage on a house.

The increase in net position in the business-type activities results from the increase in water and sewer rates that went into effect at the beginning of the year and the continued financial success of the Village's electric utility. Program revenues, primarily user charges, comprise nearly 100 percent of the revenues for business-type activities.

Village of Obetz
Management's Discussion and Analysis
For the Year Ended December 31, 2012
Unaudited

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the Village's financial position.

The statement of net position and the statement of activities provide information about the activities of the Village as a whole, presenting both an aggregate and a longer-term view of the Village.

Fund financial statements provide a greater level of detail. For governmental funds, these statements tell how services were financed in the short-term and what remains for future spending. Fund financial statements report the Village's most significant funds individually and the Village's non-major funds in a single column. The Village's major funds are the General Fund, the General Obligation Debt Service Fund, the Conference Center/Lancaster Park Improvements Fund, the Alum Creek and Groveport Road Project Fund, and the Water, Sewer, and Electric enterprise funds.

REPORTING THE VILLAGE AS A WHOLE

The statement of net position and the statement of activities reflect how the Village did financially during 2012. These statements include all assets and liabilities using the accrual basis of accounting similar to that used by most private-sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when cash is received or paid.

These statements report the Village's net position and changes in net position. This change in net position is important because it tells the reader whether the financial position of the Village as a whole has increased or decreased from the prior year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating. Causes for these changes may be the result of many factors. It is important to identify these factors to fully understand the financial performance of the Village.

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

- Governmental Activities - Most of the Village's programs and services are reported here, including security of persons and property, public health, leisure time activities, community environment, transportation, and general government. These services are primarily funded by income taxes and from intergovernmental revenues, including federal and state grants, shared revenues, and distributions from the JEDZ for the Village's portion of collections.
- Business-Type Activities - These services are provided on a charge for services basis and are intended to recover all or most of the costs of the services provided. The Village's water, sewer, electric, refuse, and gas operations are reported here.

Village of Obetz
Management's Discussion and Analysis
For the Year Ended December 31, 2012
Unaudited

REPORTING THE VILLAGE'S MOST SIGNIFICANT FUNDS

Fund financial statements provide detailed information about the Village's major funds, the General Fund, the General Obligation Debt Service Fund, the Conference Center/Lancaster Park Improvements Fund, the Alum Creek and Groveport Road Project Fund, and the Water, Sewer, and Electric enterprise funds. While the Village uses many funds to account for its financial transactions, these are the most significant.

Governmental Funds - The Village's governmental funds are used to account for essentially the same programs that are reported as governmental activities on the government-wide financial statements. Most of the Village's basic services are reported in these funds with a focus on how money flows into and out of the funds as well as the balances available for spending at year end. These funds are reported on the modified accrual basis of accounting which measures cash and all other financial assets that can be readily converted to cash. The governmental fund financial statements provide a detailed short-term view of the Village's general government operations and the basic services being provided.

Because the accounting focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities on the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Village's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to help make this comparison between governmental funds and governmental activities.

Proprietary Funds - The Village has two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities on the government-wide financial statements and use the accrual basis of accounting. The Village uses enterprise funds to account for water, sewer, electric, refuse, and gas operations. The internal service fund is an accounting device used to accumulate and allocate internal costs among other programs and activities. The Village's internal service fund accounts for the Village's health reimbursement account established for Village employees.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Table 1 provides a summary of the Village's net position for 2012 and 2011.

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
<u>Assets</u>						
Current and Other Assets	\$10,192,863	\$6,551,276	\$4,689,913	\$3,720,761	\$14,882,776	\$10,272,037
Capital Assets, Net	58,239,794	52,992,446	15,597,542	15,778,582	73,837,336	68,771,028
Total Assets	68,432,657	59,543,722	20,287,455	19,499,343	88,720,112	79,043,065

(continued)

Village of Obetz
Management's Discussion and Analysis
For the Year Ended December 31, 2012
Unaudited

Table 1
Net Position
(continued)

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
<u>Liabilities</u>						
Current and Other Liabilities	\$1,992,799	\$301,938	\$749,537	\$679,715	\$2,742,336	\$981,653
Long-Term Liabilities	12,238,961	10,900,566	686,100	804,753	12,925,061	11,705,319
Total Liabilities	14,231,760	11,202,504	1,435,637	1,484,468	15,667,397	12,686,972
Deferred Inflows of Resources	358,082	699,151	0	0	358,082	699,151
<u>Net Position</u>						
Net Investment in Capital Assets	48,312,169	42,891,607	14,936,950	14,993,428	63,249,119	57,885,035
Restricted	1,358,061	870,791	0	0	1,358,061	870,791
Unrestricted	4,172,585	3,879,669	3,914,868	3,021,447	8,087,453	6,901,116
Total Net Position	\$53,842,815	\$47,642,067	\$18,851,818	\$18,014,875	\$72,694,633	\$65,656,942

Table 1 reflects a significant change in current assets and other assets for governmental activities from the prior year. Over \$3 million of this increase represents cash and cash equivalents resulting from the Village's participation in the JEDZ and from the fact that a significant portion of the bond proceeds to be used for the Lancaster Park/Community Center projects remained unspent at year end. There was also an increase of \$748,000 in the amount due from the Franklin County Engineer for the Alum Creek and Groveport Road construction project. The increase in capital assets is the result of the Groveport Road/Alum Creek Drive and the Lancaster and Community Center parks construction projects as well as the acquisition of two police cars, a SUV, and a new truck for plowing the streets. The increase in current and other liabilities is for construction related payables as of year end. During 2012, the Village issued additional debt to refund existing debt and to pay for new construction. This issuance resulted in an increase in long-term liabilities; the unspent proceeds remaining at year end explains the increase in restricted net assets.

Current assets in the business-type activities increased almost \$970,000. The primary reason for the change was an increase in rates for water and sewer services which led to an increase in cash and cash equivalents of \$632,000. There was also an increase of over \$335,000 in accounts receivable generally related to the gas utility caused by increased usage and the timing of billings. The entire gas receivable is only around \$202,000. These increases are reflected in the increase in unrestricted net position.

Village of Obetz
Management's Discussion and Analysis
For the Year Ended December 31, 2012
Unaudited

Table 2 presents the change in net position for 2012. Since this is the first year the Village has prepared financial statements according to generally accepted accounting principles, revenue and expense comparisons to 2011 are not available. In future years, when prior year information is available, a comparative analysis of government-wide data will be presented.

Table 2
Changes in Net Position

	Governmental Activities	Business-Type Activities	
	2012	2012	Total
<u>Revenues</u>			
Program Revenues			
Charges for Services	\$525,384	\$7,485,786	\$8,011,170
Operating Grants, Contributions, and Interest	364,444	0	364,444
Capital Grants and Contributions	7,118,647	0	7,118,647
Total Program Revenues	8,008,475	7,485,786	15,494,261
General Revenues			
Property Taxes Levied for General Purposes	167,396	0	167,396
Payment in Lieu of Taxes	545,085	0	545,085
Municipal Income Taxes Levied for General Purposes	4,429,012	0	4,429,012
Other Local Taxes	36,300	0	36,300
Grants and Entitlements not Restricted for Specific Programs	1,588,440	0	1,588,440
Franchise Fees	29,744	0	29,744
Interest	27,208	0	27,208
Other	592,401	1,422	593,823
Total General Revenues	7,415,586	1,422	7,417,008
Total Revenues	15,424,061	7,487,208	22,911,269
<u>Program Expenses</u>			
Security of Persons and Property	1,594,516	0	1,594,516
Public Health	22,121	0	22,121
Leisure Time Activities	1,068,583	0	1,068,583
Community Environment	1,427,328	0	1,427,328
Transportation	3,010,245	0	3,010,245
General Government	1,564,295	0	1,564,295
Interest and Fiscal Charges	536,225	0	536,225

(continued)

Village of Obetz
Management's Discussion and Analysis
For the Year Ended December 31, 2012
Unaudited

Table 2
Changes in Net Position
(continued)

	Governmental Activities	Business-Type Activities	Total
	2012	2012	
<u>Program Expenses (continued)</u>			
Water	\$0	\$981,650	\$981,650
Sewer	0	1,212,641	1,212,641
Electric	0	3,427,118	3,427,118
Refuse	0	311,499	311,499
Gas	0	717,357	717,357
Total Expenses	9,223,313	6,650,265	15,873,578
Change in Net Position	6,200,748	836,943	7,037,691
Net Position Beginning of Year	47,642,067	18,014,875	65,656,942
Net Position End of Year	\$53,842,815	\$18,851,818	\$72,694,633

Table 2 presents the revenues earned and the expenses incurred in operating the Village during 2012. Revenues are divided into program revenues, charges for services generated by a specific program and grants and contributions whose use is restricted to a particular program, and general revenues, those revenues which are allocated among the various programs by the Village Council. For governmental activities, the percentage of program revenues is unusually high due to the capital grants for the Alum Creek Drive/Groveport Road project. Municipal income taxes are by far the Village's largest general revenue source, accounting for 60 percent of total general revenues. Unrestricted grants and entitlements represent, in large part, resources received through participation in the JEDZ.

In order to expand the income tax base as well as increase revenue, the Village entered into an agreement in 2011 with Prairie Township to create a joint economic development zone (JEDZ). Prairie Township is located on the west side of Columbus wholly separate from the Village. The JEDZ was configured to include only commercial and industrial properties within the Township.

The JEDZ is governed by a six member board, three members appointed by the Village and three by the Township. A township in Ohio does not possess the authority to levy an income tax. The board of a joint economic development zone, however, may levy an income tax on the income producing activities within the zone up to the current rate levied by the village participant. The Board has levied a 2 percent income tax within the JEDZ. Under the agreement, income tax revenues (after collection expenses and an administrative charge paid to the Village) are allocated 2 percent to the JEDZ, 38 percent to the township, and 60 percent to the Village. The money received by the Village is recorded as intergovernmental revenue. An economic development agreement between the Village and the township requires that two-thirds of the money paid to the Village from the JEDZ be paid to the township.

Within governmental activities, police operations represent 17 percent of the Village's total expenses, the operation of the Village's athletic complex and recreation activities account for 12 percent of total expenses, and the street department operations account for another 33 percent of total expenses. The community environment program primarily reflects the payments to Prairie Township under the economic development agreement entered into at the time of the creation of the JEDZ.

Village of Obetz
Management's Discussion and Analysis
For the Year Ended December 31, 2012
Unaudited

It should be noted that without the capital grant for the Alum Creek Drive/Groveport Road intersection project, the change in net position for governmental activities would have been negative by about \$900,000. This means that the recurring revenues which support governmental activities were insufficient to cover the total expenses of providing those services, including depreciation. This situation will worsen when the intersection project is completed and depreciation for highways increases approximately \$800,000 per year.

The Villages utilities include water, sewer, electric, refuse, and gas. Almost 100 percent of the revenues for business-type activities is received through charges for services.

Table 3 indicates the total cost of services and the net cost of services for governmental activities. Net cost of services is calculated by reducing the total cost of a program by the amount of grants and contributions received specifically for that program and by the revenue that the program produces by charging the recipients of those program services. These program revenues are identified by type on the Statement of Activities on page 14. The net cost of services identifies the cost of those services that must be paid from general revenues of the Village. General revenues are those revenues whose use is not restricted to a specific purpose such as income taxes and unrestricted grants and contributions. These are the revenues over which the Village Council may exercise discretion as to how they will be spent. The net cost of services provides an indication of how Village Council has elected to allocate these resources. Comparisons to 2011 have not been made since they are not available for this year.

Table 3
Governmental Activities

	Total Cost of Services 2012	Net Cost of Services 2012
Security of Persons and Property	\$1,594,516	\$1,588,910
Public Health	22,121	22,121
Leisure Time Activities	1,068,583	863,852
Community Environment	1,427,328	1,427,328
Transportation	3,010,245	(4,388,474)
General Government	1,564,295	1,164,876
Interest and Fiscal Charges	536,225	536,225
	\$9,223,313	\$1,214,838

Only leisure time activities and general government programs are significantly supported by recurring program revenues. Program revenues provided for 19 percent of the leisure time activities program costs. These program revenues consist of recreation league participation fees, memberships at the Obetz Athletic Center, and concession stand sales. Program revenues supporting general government are mostly charges for services such as concession sales, building and zoning permits, fees, and fines.

Village of Obetz
Management's Discussion and Analysis
For the Year Ended December 31, 2012
Unaudited

Shared revenues and grants provided for more than 100 percent of the transportation program costs for 2012. The largest program revenue by far, however, was the grant for the intersection project which exceeded \$7,100,000 and concluded in 2013. The recurring transportation program revenues consist of State and local motor vehicle license fees and gasoline taxes which must be used for road repairs and improvements. In 2012, these revenues were approximately \$280,000.

GOVERNMENTAL FUNDS FINANCIAL ANALYSIS

The Village's major governmental funds are the General Fund, General Obligation Debt Service Fund, Conference Center/Lancaster Park Improvements Fund, and the Alum Creek and Groveport Road Project Fund.

The General Fund experienced a 44 increase in fund balance, slightly more than \$1,200,000. The first year the Village received distributions for its participation in the Joint Economic Development Zone was 2012. These payments are made quarterly. These payments amounted to \$762,000 of which \$568,000 was paid to Prairie Township under the economic development agreement signed at the same time the JEDZ was created.

Fund balance decreased in the General Obligation Debt Service Fund as the Village issued general obligation bonds to currently refund previously issued debt and to finance the Lancaster /Community Center park improvements. Debt service requirements and issuance costs exceeded revenue for the year.

Fund balance increased in the Conference Center/Lancaster Park Improvements Fund due to proceeds of debt issued during the year for construction and not spent as of year end.

Fund balance decreased in the Alum Creek and Groveport Road Project Fund. The County Engineer incurred costs on behalf of the Village for which grant dollars were not yet available.

BUSINESS-TYPE ACTIVITIES FINANCIAL ANALYSIS

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

Most properties in the Village receive electricity and gas from major public utilities. Creekside and Centerpoint industrial parks, however, are provided electricity and natural gas through lines owned by the Village. The Village purchases the electricity and natural gas and resells the supply to the companies which occupy these industrial sites.

All of the enterprise funds had an operating income for 2012. Rate increases occurred in 2012 for both the water and sewer utilities.

Village of Obetz
Management's Discussion and Analysis
For the Year Ended December 31, 2012
Unaudited

GENERAL FUND BUDGETARY HIGHLIGHTS

The Village's budget and appropriations ordinance include all funds, are prepared according to Ohio law, and are based on accounting for transactions on a basis of cash receipts, disbursements, and encumbrances. The appropriations ordinance is passed in December and is effective on the first day of January. The most significant budgeted fund is the General Fund.

For revenues, there was no change from the original budget to the final budget with very modest changes from the final budget to actual revenues. For expenditures, there was a 26 percent increase from the original budget to the final budget with the most significant changes reflected in the community environment program and capital outlay. Because 2012 was the first year of the Joint Economic Development Zone agreement, the Village could not anticipate the amount needed for the distribution to Prairie Township and modified appropriations accordingly. Actual expenditures were approximately 24 percent less than amounts budgeted as actual expenditures were more closely aligned with the original budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - The Village's investment in capital assets for governmental and business-type activities as of December 31, 2012, was \$58,239,794 and \$15,597,542, respectively (net of accumulated depreciation). The most significant additions for governmental activities included the ongoing construction of the Alum Creek Drive/Groveport Road intersection, the Community Center and Lancaster Park improvements, and the addition of several vehicles for the police, street, parks, and administration departments. The Village disposed of six vehicles during the year. The most significant additions for business-type activities were the completion of water plant improvements and the purchase of a truck; there were no disposals. For further information regarding the Village's capital assets, refer to Note 11 to the basic financial statements.

Debt - At December 31, 2012, the Village's debt consisted of general obligation bonds issued to currently refund the remaining balance of general obligation bonds issued in 2001 and to fund construction activities within Community Center and Lancaster parks, tax increment financing (TIF) revenue bonds to construct and widen Toy Road, Ohio Public Works Commission loans used to pay the engineering costs for the widening of Alum Creek Drive, and Ohio Water Development Authority loans for the construction of water and sewer lines at Creekside Industrial Park. The Ohio Water Development Authority loans are being paid from business-type activities.

Description	2011 Balances	2012 Balances
Bond Anticipation Notes	\$1,385,000	\$0
General Obligation Bonds		
2001 Municipal Bonds	3,180,000	0
2012 Various Purpose Bonds	0	6,240,000
TIF Revenue Bonds	5,385,000	5,255,000
OPWC Loans	150,839	137,069
OWDA Loans		
Water	285,041	239,820
Sewer	500,113	420,772

Village of Obetz
Management's Discussion and Analysis
For the Year Ended December 31, 2012
Unaudited

In addition to the obligations listed above, the Village has agreed to make annual payments to two school districts and two townships to reimburse them for a reduction in property tax receipts caused by an abatement granted to certain properties by the Village. These payments will continue through 2014. For further information regarding the Village's debt obligations, refer to Note 18 to the basic financial statements.

CURRENT ISSUES

The Village Council and Administration continue to work on increasing employment opportunities and improving the economic welfare of the residents of the Village. The Village Council, in order to attract new employers and encourage new development, will offer certain economic incentives. One goal of the Village is to obtain retail development along Alum Creek Drive. In 2013, the Village secured its first major retail store along Alum Creek. Vance's Outdoor Inc. will build a new store that includes a twenty-four lane shooting range. Vance's Outdoors is the top source for shooters, hunters, anglers, and boaters in central Ohio.

Over the past number of years, the City of Columbus has annually raised rates on water and sewer service. In addition to traditional water and sewer charges, the City of Columbus has levied a surcharge in connection with its need for capital improvements to its sewer system. These increases, which require Village Council approval, have not been passed on to Village residents. In the future, the Village Administration was given the authority by Village Council to adjust the Village water and sewer rates to keep pace with the City of Columbus charges for water and sewer services, as well as costs associated with administering, maintaining, and improving the Village's water and sewer systems. The Administration was faced with increasing rates early in 2013 to avoid deficits in the water and sewer funds as a result of Columbus' annual increases.

In order to help finance the existing service levels of the Police Department, the Village Council requested a one-half percent increase in the income tax rate. This increase would have been dedicated solely to the Police Department and would have raised the income tax rate to 2.5 percent. The income levy was on the November 2013 ballot and did not pass. Village Council is considering putting the issue back on the ballot in the fall of 2014.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Village's finances for all those interested in our Village's financial well being. Questions concerning any of the information provided in this report or requests for additional information should be directed to Jeffrey G. Wilcheck, Finance Director, Village of Obetz, 4175 Alum Creek Drive, Obetz, Ohio 43207.

Village of Obetz
Statement of Net Position
December 31, 2012

	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$7,683,165	\$3,257,736	\$10,940,901
Cash and Cash Equivalents with Fiscal Agent	140,085	0	140,085
Accounts Receivable	7,596	1,430,755	1,438,351
Accrued Interest Receivable	11,837	0	11,837
Due from Other Governments	1,057,655	0	1,057,655
Municipal Income Taxes Receivable	546,879	0	546,879
Other Local Taxes Receivable	18,161	0	18,161
Internal Balances	(1,422)	1,422	0
Due from External Party	351,078	0	351,078
Property Taxes Receivable	192,116	0	192,116
Payment in Lieu of Taxes Receivable	185,713	0	185,713
Nondepreciable Capital Assets	15,482,697	4,550	15,487,247
Depreciable Capital Assets, Net	42,757,097	15,592,992	58,350,089
Total Assets	68,432,657	20,287,455	88,720,112
<u>Liabilities</u>			
Accrued Wages Payable	48,774	8,433	57,207
Matured Compensated Absences Payable	41,244	0	41,244
Accounts Payable	42,588	509,381	551,969
Contracts Payable	1,013,587	197	1,013,784
Due to Other Governments	425,078	231,526	656,604
Retainage Payable	379,975	0	379,975
Accrued Interest Payable	27,996	0	27,996
Claims Payable	13,557	0	13,557
Long-Term Liabilities			
Due Within One Year	880,131	139,887	1,020,018
Due in More Than One Year	11,358,830	546,213	11,905,043
Total Liabilities	14,231,760	1,435,637	15,667,397
<u>Deferred Inflows of Resources</u>			
Property Taxes	172,369	0	172,369
Payment in Lieu of Taxes	185,713	0	185,713
Total Deferred Inflows of Resources	358,082	0	358,082
<u>Net Position</u>			
Net Investment in Capital Assets	48,312,169	14,936,950	63,249,119
Restricted for			
Capital Outlay	458,364	0	458,364
Other Purposes	899,697	0	899,697
Unrestricted	4,172,585	3,914,868	8,087,453
Total Net Position	\$53,842,815	\$18,851,818	\$72,694,633

See Accompanying Notes to the Basic Financial Statements

Village of Obetz
Statement of Activities
For the Year Ended December 31, 2012

	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions, and Interest	Capital Grants and Contributions
<u>Governmental Activities</u>				
Security of Persons and Property	\$1,594,516	\$5,606	\$0	\$0
Public Health	22,121	0	0	0
Leisure Time Activities	1,068,583	188,271	0	16,460
Community Environment	1,427,328	0	0	0
Transportation	3,010,245	12,088	284,444	7,102,187
General Government	1,564,295	319,419	80,000	0
Interest and Fiscal Charges	536,225	0	0	0
Total Governmental Activities	<u>9,223,313</u>	<u>525,384</u>	<u>364,444</u>	<u>7,118,647</u>
<u>Business-Type Activities</u>				
Water	981,650	1,239,286	0	0
Sewer	1,212,641	1,218,599	0	0
Electric	3,427,118	3,942,728	0	0
Refuse	311,499	242,988	0	0
Gas	717,357	843,257	0	0
Total Business-Type Activities	<u>6,650,265</u>	<u>7,486,858</u>	<u>0</u>	<u>0</u>
Total	<u>\$15,873,578</u>	<u>\$8,012,242</u>	<u>\$364,444</u>	<u>\$7,118,647</u>

General Revenues

Property Taxes Levied for General Purposes
Payment in Lieu of Taxes
Municipal Income Taxes Levied for General Purposes
Other Local Taxes
Grants and Entitlements not Restricted to Specific Programs
Franchise Taxes
Interest
Other

Total General Revenues

Change in Net Position

Net Position Beginning of Year - Restated (Note 3)

Net Position End of Year

See Accompanying Notes to the Basic Financial Statements

Net (Expense) Revenue
and Change in Net Position

Governmental Activities	Business-Type Activities	Total
(\$1,588,910)	\$0	(\$1,588,910)
(22,121)	0	(22,121)
(863,852)	0	(863,852)
(1,427,328)	0	(1,427,328)
4,388,474	0	4,388,474
(1,164,876)	0	(1,164,876)
(536,225)	0	(536,225)
(1,214,838)	0	(1,214,838)
0	257,636	257,636
0	5,958	5,958
0	515,610	515,610
0	(68,511)	(68,511)
0	125,900	125,900
0	836,593	836,593
(1,214,838)	836,593	(378,245)
167,396	0	167,396
545,085	0	545,085
4,429,012	0	4,429,012
36,300	0	36,300
1,588,440	0	1,588,440
29,744	0	29,744
27,208	0	27,208
592,401	350	592,751
7,415,586	350	7,415,936
6,200,748	836,943	7,037,691
47,642,067	18,014,875	65,656,942
\$53,842,815	\$18,851,818	\$72,694,633

Village of Obetz
Balance Sheet
Governmental Funds
December 31, 2012

	General	General Obligation Debt Service	Conference Center/Lancaster Park Improvements
<u>Assets</u>			
Equity in Pooled Cash and Cash Equivalents	\$3,641,322	\$173,871	\$2,662,251
Cash and Cash Equivalent with Fiscal Agent	0	0	0
Accounts Receivable	7,596	0	0
Accrued Interest Receivable	8,856	0	2,311
Due from Other Governments	96,798	0	0
Municipal Income Taxes Receivable	546,879	0	0
Other Local Taxes Receivable	17,209	0	0
Interfund Receivable	39,381	0	0
Restricted Assets			
Equity in Pooled Cash and Cash Equivalents	2,879	0	0
Due from External Party	351,078	0	0
Property Taxes Receivable	192,116	0	0
Payment in Lieu of Taxes Receivable	0	0	0
Total Assets	<u>\$4,904,114</u>	<u>\$173,871</u>	<u>\$2,664,562</u>
<u>Liabilities</u>			
Accrued Wages Payable	\$48,774	\$0	\$0
Matured Compensated Absences Payable	41,244	0	0
Accounts Payable	38,796	0	0
Contracts Payable	11,249	0	554,414
Due to Other Governments	424,699	0	0
Retainage Payable	0	0	0
Interfund Payable	0	0	0
Total Liabilities	<u>564,762</u>	<u>0</u>	<u>554,414</u>
<u>Deferred Inflows of Resources</u>			
Property Taxes	172,369	0	0
Payment in Lieu of Taxes	0	0	0
Unavailable Revenue	192,133	0	2,229
Total Deferred Inflows of Resources	<u>364,502</u>	<u>0</u>	<u>2,229</u>
<u>Fund Balance</u>			
Nonspendable	2,879	0	0
Restricted	0	0	2,107,919
Committed	0	173,871	0
Assigned	758,680	0	0
Unassigned (Deficit)	3,213,291	0	0
Total Fund Balance (Deficit)	<u>3,974,850</u>	<u>173,871</u>	<u>2,107,919</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$4,904,114</u>	<u>\$173,871</u>	<u>\$2,664,562</u>

See Accompanying Notes to the Basic Financial Statements

<u>Alum Creek and Groveport Road Project</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
\$0	\$1,189,261	\$7,666,705
0	140,085	140,085
0	0	7,596
0	670	11,837
827,899	132,958	1,057,655
0	0	546,879
0	952	18,161
0	19,291	58,672
0	0	2,879
0	0	351,078
0	0	192,116
0	185,713	185,713
<u>\$827,899</u>	<u>\$1,668,930</u>	<u>\$10,239,376</u>
\$0	\$0	\$48,774
0	0	41,244
0	3,792	42,588
447,924	0	1,013,587
0	379	425,078
379,975	0	379,975
0	60,094	60,094
<u>827,899</u>	<u>64,265</u>	<u>2,011,340</u>
0	0	172,369
0	185,713	185,713
<u>827,899</u>	<u>114,874</u>	<u>1,137,135</u>
<u>827,899</u>	<u>300,587</u>	<u>1,495,217</u>
0	0	2,879
0	853,702	2,961,621
0	451,746	625,617
0	15,090	773,770
(827,899)	(16,460)	2,368,932
<u>(827,899)</u>	<u>1,304,078</u>	<u>6,732,819</u>
<u>\$827,899</u>	<u>\$1,668,930</u>	<u>\$10,239,376</u>

This Page Intentionally Left Blank

Village of Obetz
 Reconciliation of Total Governmental Fund Balance
 to Net Position of Governmental Activities
 December 31, 2012

Total Governmental Fund Balance \$6,732,819

Amounts reported for governmental activities on the statement of net position are different because of the following:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 58,239,794

Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.

Accounts Receivable	7,543	
Accrued Interest Receivable	11,415	
Due from Other Governments	995,528	
Municipal Income Taxes Receivable	87,415	
Other Local Taxes Receivable	15,487	
Delinquent Property Taxes Receivable	19,747	
		1,137,135

Accrued interest on outstanding debt is not due and payable in the current period and, therefore, is not reported in the funds; it is reported when due. (27,996)

Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

General Obligation Bonds Payable	(6,240,000)	
TIF Revenue Bonds Payable	(5,255,000)	
Judgements Payable	(476,773)	
OPWC Loans Payable	(137,069)	
Compensated Absences Payable	(130,119)	
		(12,238,961)

An internal service fund is used by management to charge the cost of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net position. 24

Net Position of Governmental Activities \$53,842,815

See Accompanying Notes to the Basic Financial Statements

Village of Obetz
Statement of Revenues, Expenditures,
and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2012

	General	General Obligation Debt Service	Conference Center/Lancaster Park Improvements
<u>Revenues</u>			
Property Taxes	\$166,616	\$0	\$0
Payment in Lieu of Taxes	0	191,479	0
Municipal Income Taxes	4,199,392	480,000	0
Other Local Taxes	36,300	0	0
Charges for Services	347,925	0	0
Fees, Licenses, and Permits	115,540	0	0
Fines and Forfeitures	62,787	0	0
Intergovernmental	1,617,549	0	0
Interest	17,825	0	2,306
Other	504,978	142,693	700
Total Revenues	7,068,912	814,172	3,006
<u>Expenditures</u>			
Current:			
Security of Persons and Property	1,581,746	0	0
Public Health	22,121	0	0
Leisure Time Activities	969,874	0	0
Community Environment	1,416,840	0	0
Transportation	117,172	0	0
General Government	1,149,586	0	0
Capital Outlay	397,293	0	795,556
Debt Service:			
Principal Retirement	192,888	7,078,770	0
Interest and Fiscal Charges	6,935	344,517	0
Total Expenditures	5,854,455	7,423,287	795,556
Excess of Revenues Over (Under) Expenditures	1,214,457	(6,609,115)	(792,550)
<u>Other Financing Sources</u>			
General Obligation Bonds Issued	0	5,840,000	400,000
Bond Anticipation Notes Issued	0	0	2,500,000
Sale of Capital Assets	900	0	0
Total Other Financing Sources	900	5,840,000	2,900,000
Changes in Fund Balance	1,215,357	(769,115)	2,107,450
Fund Balance (Deficit) Beginning of Year - Restated (Note 3)	2,759,493	942,986	469
Fund Balance (Deficit) End of Year	\$3,974,850	\$173,871	\$2,107,919

See Accompanying Notes to the Basic Financial Statements

<u>Alum Creek and Groveport Road Project</u>	<u>Other Governmental</u>	<u>Total Governmental Funds</u>
\$0	\$0	\$166,616
0	353,606	545,085
0	0	4,679,392
0	12,088	48,388
0	0	347,925
0	2,950	118,490
0	9,264	72,051
6,344,208	307,583	8,269,340
0	380	20,511
0	22,130	670,501
<u>6,344,208</u>	<u>708,001</u>	<u>14,938,299</u>
0	9,701	1,591,447
0	0	22,121
0	107,070	1,076,944
0	0	1,416,840
0	202,115	319,287
0	64,014	1,213,600
7,102,187	0	8,295,036
0	130,000	7,401,658
0	190,676	542,128
<u>7,102,187</u>	<u>703,576</u>	<u>21,879,061</u>
<u>(757,979)</u>	<u>4,425</u>	<u>(6,940,762)</u>
0	0	6,240,000
0	0	2,500,000
0	7,600	8,500
<u>0</u>	<u>7,600</u>	<u>8,748,500</u>
(757,979)	12,025	1,807,738
<u>(69,920)</u>	<u>1,292,053</u>	<u>4,925,081</u>
<u>(\$827,899)</u>	<u>\$1,304,078</u>	<u>\$6,732,819</u>

Village of Obetz
Reconciliation of Statement of Revenues, Expenditures,
and Changes in Fund Balance
of Governmental Funds to Statement of Activities
For the Year Ended December 31, 2012

Changes in Fund Balance - Total Governmental Funds \$1,807,738

Amounts reported for governmental activities on the statement of activities are different because of the following:

Governmental funds report capital outlays as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current year.

Capital Outlay - Nondepreciable Capital Assets	7,897,743	
Capital Outlay - Depreciable Capital Assets	516,910	
Depreciation	<u>(3,153,096)</u>	5,261,557

The proceeds from the sale of capital assets are reported as other financing sources in the governmental funds. However, the cost of capital assets is removed from the capital asset account on the statement of net position when disposed of resulting in a gain or a loss on disposal of capital assets on the statement of activities.

Proceeds from Sale of Capital Assets	(8,500)	
Gain on Disposal of Capital Assets	1,900	
Loss on Disposal of Capital Assets	<u>(7,609)</u>	(14,209)

Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds.

Delinquent Property Taxes	780	
Municipal Income Taxes	(250,380)	
Fees, Licenses, and Permits	4,574	
Intergovernmental	721,250	
Interest	<u>7,638</u>	483,862

Repayment of principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities on the statement of net position.

Bond Anticipation Notes Payable	3,885,000	
General Obligation Bonds Payable	3,180,000	
TIF Revenue Bonds Payable	130,000	
Judgements Payable	192,888	
OPWC Loans Payable	<u>13,770</u>	7,401,658

Interest is reported as an expenditure when due in the governmental funds but is accrued on outstanding debt on the statement of net position. 5,903

Debt proceeds are reported as other financing sources in the governmental funds but the issuance increases long-term liabilities on the statement of net position.

Bond Anticipation Notes Issued	(2,500,000)	
General Obligation Bonds Issued	<u>(6,240,000)</u>	(8,740,000)

Compensated absences reported on the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. (53)

The internal service fund used by management to charge the cost of insurance to individual funds is not reported on the statement of activities. Governmental expenditures and related internal service fund revenues are eliminated. The change for governmental funds is reported for the year.

(5,708)

Change in Net Position of Governmental Activities \$6,200,748

See Accompanying Notes to the Basic Financial Statements

Village of Obetz
Statement of Revenues, Expenditures,
and Changes in Fund Balance
Budget (Non-GAAP Budgetary Basis) and Actual
General Fund
For the Year Ended December 31, 2012

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
<u>Revenues</u>				
Property Taxes	\$174,137	\$174,137	\$166,616	(\$7,521)
Municipal Income Taxes	4,106,545	4,106,545	4,126,513	19,968
Other Local Taxes	45,000	24,000	35,716	11,716
Charges for Services	310,000	310,000	313,396	3,396
Fees, Licenses, and Permits	92,000	113,000	119,566	6,566
Fines and Forfeitures	33,000	33,000	64,313	31,313
Intergovernmental	1,375,500	1,375,500	1,186,266	(189,234)
Interest	20,000	20,000	22,913	2,913
Other	40,000	40,000	114,938	74,938
Total Revenues	6,196,182	6,196,182	6,150,237	(45,945)
<u>Expenditures</u>				
Current:				
Security of Persons and Property	1,795,728	1,865,228	1,632,125	233,103
Public Health	25,000	25,000	22,121	2,879
Leisure Time Activities	1,062,401	1,175,901	1,001,393	174,508
Community Environment	988,944	1,930,144	1,268,664	661,480
Transportation	90,842	149,742	115,493	34,249
General Government	1,411,724	1,621,254	1,213,110	408,144
Capital Outlay	902,299	1,226,299	771,874	454,425
Debt Service:				
Principal Retirement	192,888	192,888	192,888	0
Interest and Fiscal Charges	17,803	17,803	17,112	691
Total Expenditures	6,487,629	8,204,259	6,234,780	1,969,479
Excess of Revenues Over (Under) Expenditures	(291,447)	(2,008,077)	(84,543)	1,923,534
<u>Other Financing Source</u>				
Sale of Capital Assets	0	0	900	900
Changes in Fund Balance	(291,447)	(2,008,077)	(83,643)	1,924,434
Fund Balance Beginning of Year	1,808,868	1,808,868	1,808,868	0
Prior Year Encumbrances Appropriated	721,029	721,029	721,029	0
Fund Balance End of Year	\$2,238,450	\$521,820	\$2,446,254	\$1,924,434

See Accompanying Notes to the Basic Financial Statements

Village of Obetz
Statement of Fund Net Position
Proprietary Funds
December 31, 2012

	Business-Type Activities			
	Water	Sewer	Electric	Other Enterprise
<u>Assets</u>				
<u>Current Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$996,372	\$222,323	\$1,332,886	\$706,155
Accounts Receivable	200,879	202,506	442,383	584,987
Interfund Receivable	1,072	350	0	0
Total Current Assets	<u>1,198,323</u>	<u>425,179</u>	<u>1,775,269</u>	<u>1,291,142</u>
<u>Non-Current Assets</u>				
Nondepreciable Capital Assets	4,550	0	0	0
Depreciable Capital Assets, Net	4,525,726	9,895,993	707,895	463,378
Total Non-Current Assets	<u>4,530,276</u>	<u>9,895,993</u>	<u>707,895</u>	<u>463,378</u>
Total Assets	<u>5,728,599</u>	<u>10,321,172</u>	<u>2,483,164</u>	<u>1,754,520</u>
<u>Liabilities</u>				
<u>Current Liabilities</u>				
Accrued Wages Payable	2,934	1,893	1,802	1,804
Accounts Payable	4,910	250	267,254	236,967
Contracts Payable	197	0	0	0
Due to Other Governments	111,660	96,585	22,650	631
Claims Payable	0	0	0	0
OWDA Loans Payable	47,988	84,197	0	0
Compensated Absences Payable	4,544	3,158	0	0
Total Current Liabilities	<u>172,233</u>	<u>186,083</u>	<u>291,706</u>	<u>239,402</u>
<u>Non-Current Liabilities</u>				
OWDA Loans Payable	191,832	336,575	0	0
Compensated Absences Payable	10,506	7,300	0	0
Total Non-Current Liabilities	<u>202,338</u>	<u>343,875</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>374,571</u>	<u>529,958</u>	<u>291,706</u>	<u>239,402</u>
<u>Net Position</u>				
Net Investment in Capital Assets	4,290,456	9,475,221	707,895	463,378
Unrestricted	1,063,572	315,993	1,483,563	1,051,740
Total Net Position	<u>\$5,354,028</u>	<u>\$9,791,214</u>	<u>\$2,191,458</u>	<u>\$1,515,118</u>

See Accompanying Notes to the Basic Financial Statements

Total Enterprise Funds	Governmental Activity <u>Internal Service Fund</u>
\$3,257,736	\$13,581
1,430,755	0
1,422	0
<u>4,689,913</u>	<u>13,581</u>
4,550	0
<u>15,592,992</u>	<u>0</u>
<u>15,597,542</u>	<u>0</u>
<u>20,287,455</u>	<u>13,581</u>
8,433	0
509,381	0
197	0
231,526	0
0	13,557
132,185	0
7,702	0
<u>889,424</u>	<u>13,557</u>
528,407	0
17,806	0
<u>546,213</u>	<u>0</u>
<u>1,435,637</u>	<u>13,557</u>
14,936,950	0
<u>3,914,868</u>	<u>24</u>
<u>\$18,851,818</u>	<u>\$24</u>

Village of Obetz
Statement of Revenues, Expenses,
and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2012

	Business-Type Activities			
	Water	Sewer	Electric	Other Enterprise
<u>Operating Revenues</u>				
Charges for Services	\$1,239,286	\$1,218,599	\$3,942,728	\$1,086,245
Other	0	350	0	0
Total Operating Revenues	<u>1,239,286</u>	<u>1,218,949</u>	<u>3,942,728</u>	<u>1,086,245</u>
<u>Operating Expenses</u>				
Personal Services	244,801	52,726	44,684	43,221
Contractual Services	522,939	851,503	3,348,786	968,277
Materials and Supplies	104,370	2,000	17,876	10,331
Claims	0	0	0	0
Depreciation	92,095	226,085	15,772	7,027
Other	0	49,720	0	0
Total Operating Expenses	<u>964,205</u>	<u>1,182,034</u>	<u>3,427,118</u>	<u>1,028,856</u>
Operating Income (Loss)	275,081	36,915	515,610	57,389
<u>Non-Operating Expenses</u>				
Interest Expense	(17,445)	(30,607)	0	0
Changes in Net Position	257,636	6,308	515,610	57,389
Net Position Beginning of Year - Restated (Note 3)	<u>5,096,392</u>	<u>9,784,906</u>	<u>1,675,848</u>	<u>1,457,729</u>
Net Position End of Year	<u><u>\$5,354,028</u></u>	<u><u>\$9,791,214</u></u>	<u><u>\$2,191,458</u></u>	<u><u>\$1,515,118</u></u>

See Accompanying Notes to the Basic Financial Statements

Total Enterprise Funds	Governmental Activity <u>Internal Service Fund</u>
\$7,486,858	\$59,617
350	0
<u>7,487,208</u>	<u>59,617</u>
385,432	0
5,691,505	0
134,577	0
0	65,325
340,979	0
49,720	0
<u>6,602,213</u>	<u>65,325</u>
884,995	(5,708)
<u>(48,052)</u>	<u>0</u>
836,943	(5,708)
<u>18,014,875</u>	<u>5,732</u>
<u><u>\$18,851,818</u></u>	<u><u>\$24</u></u>

Village of Obetz
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2012

	<u>Business-Type Activities</u>			
	<u>Water</u>	<u>Sewer</u>	<u>Electric</u>	<u>Other Enterprise</u>
Increases (Decreases) in Cash and Cash Equivalents				
<u>Cash Flows from Operating Activities</u>				
Cash Received from Customers	\$1,181,813	\$1,163,587	\$3,913,703	\$883,251
Cash Received from				
Transactions with Other Funds	0	0	0	0
Cash Received from Other Revenues	8,192	0	0	0
Cash Payments for Personal Services	(241,576)	(49,901)	(43,522)	(42,059)
Cash Payments for Contractual Services	(505,082)	(912,113)	(3,313,250)	(897,095)
Cash Payments for Materials and Supplies	(107,066)	(2,000)	(17,876)	(10,331)
Cash Payments for Other Expenses	0	(43,632)	0	0
Net Cash Provided by (Used for) Operating Activities	<u>336,281</u>	<u>155,941</u>	<u>539,055</u>	<u>(66,234)</u>
<u>Cash Flows from Capital and Related Financing Activities</u>				
Principal Paid on OWDA Loans	(45,221)	(79,341)	0	0
Interest Paid on OWDA Loans	(17,445)	(30,607)	0	0
Acquisition of Capital Assets	(136,274)	(4,510)	(8,953)	(10,202)
Net Cash Used for Capital and Related Financing Activities	<u>(198,940)</u>	<u>(114,458)</u>	<u>(8,953)</u>	<u>(10,202)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	137,341	41,483	530,102	(76,436)
Cash and Cash Equivalents Beginning of Year	859,031	180,840	802,784	782,591
Cash and Cash Equivalents End of Year	<u>\$996,372</u>	<u>\$222,323</u>	<u>\$1,332,886</u>	<u>\$706,155</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</u>				
Operating Income (Loss)	\$275,081	\$36,915	\$515,610	\$57,389
<u>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</u>				
Depreciation	92,095	226,085	15,772	7,027
Changes in Assets and Liabilities:				
Increase in Accounts Receivable	(48,209)	(55,012)	(29,025)	(202,994)
Increase in Interfund Receivable	(1,072)	(350)	0	0
Increase in Accrued Wages Payable	687	336	984	985
Increase (Decrease) in Accounts Payable	(594)	(418)	33,960	71,182
Increase (Decrease) in Contracts Payable	197	0	(20,442)	0
Increase (Decrease) in Due to Other Governments	14,610	(54,038)	22,196	177
Increase in Compensated Absences Payable	3,486	2,423	0	0
Increase in Claims Payable	0	0	0	0
Net Cash Provided by (Used for) Operating Activities	<u>\$336,281</u>	<u>\$155,941</u>	<u>\$539,055</u>	<u>(\$66,234)</u>

See Accompanying Notes to the Basic Financial Statements

Total Enterprise Funds	Governmental Activity <u>Internal Service Fund</u>
\$7,142,354	\$0
0	59,617
8,192	0
(377,058)	(59,868)
(5,627,540)	0
(137,273)	0
(43,632)	0
<u>965,043</u>	<u>(251)</u>
(124,562)	0
(48,052)	0
(159,939)	0
<u>(332,553)</u>	<u>0</u>
632,490	(251)
<u>2,625,246</u>	<u>13,832</u>
<u>\$3,257,736</u>	<u>\$13,581</u>
\$884,995	(\$5,708)
340,979	0
(335,240)	0
(1,422)	0
2,992	0
104,130	0
(20,245)	0
(17,055)	0
5,909	0
0	5,457
<u>\$965,043</u>	<u>(\$251)</u>

Village of Obetz
Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2012

<u>Assets</u>	
Equity in Pooled Cash and Cash Equivalents	\$512,003
Property Taxes Receivable	<u>17,209</u>
Total Assets	<u><u>\$529,212</u></u>
<u>Liabilities</u>	
Due to Other Governments	\$762,661
Due to External Party	351,078
Undistributed Assets (Deficit)	<u>(584,527)</u>
Total Liabilities	<u><u>\$529,212</u></u>

See Accompanying Notes to the Basic Financial Statements

Village of Obetz
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 1 - DESCRIPTION OF THE VILLAGE OF OBETZ AND THE REPORTING ENTITY

A. The Village

The Village of Obetz (Village) is a charter municipal corporation founded in 1928, with the charter adopted by the electors on November 3, 2009. The Village may exercise all powers of home rule granted under Article XVIII, Section 3, of the Ohio Constitution not in conflict with applicable general laws in Ohio.

The Village operates under a mayor-council form of government. Legislative power is vested in a six-member council, each elected to four-year terms. The Mayor is elected to a four-year term, serves as the President of the Council, and votes only to break a tie. The Village has a full-time Administrator appointed by the Mayor to assist the mayor in the day-to-day operations of the Village.

The Village is divided into various departments and financial management and control systems. Services provided include police protection, street maintenance and repair, parks and recreation, water, sewer, refuse, gas, and electric utilities, as well as staff support (i.e., payroll processing, accounts payable, and revenue collection) to the service providers. The operation and control of these activities is provided by the Village Council through the budgetary process and by the Mayor and Village Administrator through administrative and managerial requirements and procedures.

B. Reporting Entity

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

The primary government of the Village of Obetz consists of all funds, departments, boards, and agencies that are not legally separate from the Village. For the Village of Obetz, this includes all departments and activities that are directly operated by the elected Village officials.

Component units are legally separate organizations for which the Village is financially accountable. The Village is financially accountable for an organization if the Village appoints a voting majority of the organization's governing board and (1) the Village is able to significantly influence the programs or services performed or provided by the organization; or (2) the Village is legally entitled to or can otherwise access the organization's resources; the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Village is obligated for the debt of the organization. Component units may also include organizations for which the Village approves the budget, the issuance of debt, or the levying of taxes, and there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Village. There were no component units of the Village of Obetz in 2012.

The Village of Obetz participates in three jointly governed organizations and a public entity shared risk pool. These organizations are the Big Walnut Community Improvement Corporation, the Obetz Convention and Visitor's Bureau, the Prairie-Obetz Joint Economic Development Zone, and the Public Entities Pool of Ohio. These organizations are presented in Notes 20 and 21 to the basic financial statements.

Village of Obetz
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Village of Obetz have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. 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 position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the Village that are governmental in nature and those that are considered business-type activities. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses.

The statement of net position presents the financial condition of the governmental and business-type activities of the Village at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Village's governmental activities and business-type activities. Direct expenses are those that are specifically associated with a service, program, or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Village, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business activity is self-financing or draws from the general revenues of the Village.

Fund Financial Statements

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

B. Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are reported in three categories; governmental, proprietary, and fiduciary.

Village of Obetz
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Funds

Governmental funds are those through which most governmental functions of the Village are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities and deferred inflows of resources is reported as fund balance. 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. The General Fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

General Obligation Debt Service Fund - The General Obligation Debt Service Fund accounts for resources that are committed for the payment of principal, interest, and fiscal charges on general obligation debt.

Conference Center/Lancaster Park Improvements Fund - The Conference Center/Lancaster Park Improvements Fund accounts for debt proceeds and other resources restricted for the construction of a conference center and for improvements to Lancaster Park.

Alum Creek and Groveport Road Project Fund - The Alum Creek and Groveport Road Project Fund accounts for federal grant resources received from Ohio Department of Transportation and restricted for improvements to the intersection along Alum Creek Drive and Groveport Road.

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

Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. The Village reports two types of proprietary funds, enterprise and internal service:

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

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

Sewer Fund - This fund accounts for the provision of sanitary sewer service to residential and commercial users within the Village.

Electric Fund - This fund accounts for the provision of electric service to residential and commercial users within the Village.

Village of Obetz
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The other enterprise funds of the Village account for the provision of refuse and gas services to residential and/or commercial users within the Village.

Internal Service - The internal service fund accounts for the financing of services provided by one department to other departments of the Village on a cost reimbursement basis. The Village's internal service fund accounts for the activities of the Village's HRA Plan.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications; pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the Village under a trust agreement for individuals, private organizations, or other governments and are not available to support the Village's own programs. The Village did not have any trust funds in 2012. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Village's agency funds account for income tax revenues from the Prairie-Obetz JEDZ, building permit fees, deposits for infrastructure inspections, transient fees collected for use by a convention and visitors bureau, and the activity of the Mayor's Court.

C. Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the Village are included on the statement of net position. The statement of activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities and deferred inflows of resources are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reflects the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide financial statements and the fund financial statements for governmental funds.

Like the government-wide financial statements, the proprietary funds are accounted for using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of fund net position. The statement of revenues, expenses, and changes in fund net position presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position. The statement of cash flows reflects how the Village finances and meets the cash flow needs of its proprietary activities.

Village of Obetz
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; proprietary funds and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, recording of deferred inflows of resources, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Nonexchange Transactions

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the Village, available means expected to be received within thirty-one days after year end.

Nonexchange transactions, in which the Village receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the year for which the taxes are levied. Revenue from income taxes is recognized in the year in which the income is earned. Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the Village must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Village on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered both measurable and available at year end: income taxes, charges for services, fines and forfeitures, state-levied locally shared taxes (including gasoline tax and motor vehicle license tax), grants, and interest.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position may report deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that time. The Village did not report any deferred outflows of resources for 2012.

Village of Obetz
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In addition to liabilities, the statement of financial position may report deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the Village, deferred inflows of resources consists of property taxes, payment in lieu of taxes, and unavailable revenue. Property taxes represent amounts for which there was an enforceable legal claim as of December 31, 2012, but which were levied to finance 2013 operations. Payment in lieu of taxes represents a contractual promise to make payment of property taxes which reflect all or a portion of the taxes which would have been paid if the taxes had not been exempted. These amounts have been recorded as deferred inflows of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental fund balance sheet and represents receivables which will not be collected within the available period. For the Village, unavailable revenue includes accrued interest, intergovernmental revenue including grants, municipal income taxes, delinquent property taxes, and other sources. These amounts are deferred and recognized as inflows of resources in the period when the amounts become available.

Expenses/Expenditures

On the accrual basis, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

E. Budgetary Process

All funds, except agency funds, are required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Village Council may appropriate. The appropriations ordinance is Village Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Village Council. The legal level of control has been established by Village Council at the fund, department, and object level for the General Fund, the Street Maintenance and Repair special revenue fund, and the Water, Sewer, Electric, Refuse, and Gas enterprise funds, and at the fund level for all other funds.

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

Village of Obetz
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriations ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Village Council during the year.

F. Cash and Investments

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

Cash resources for use on street construction/improvement projects held for the Village by the Franklin County Engineer are included on the financial statements as “Cash and Cash Equivalents with Fiscal Agent”.

During 2012, the Village invested in nonnegotiable certificates of deposit, municipal securities, and STAR Ohio. Investments are reported at fair value, except for nonnegotiable certificates of deposit, which are reported at cost. Fair value is based on quoted market prices. 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 net asset value per share, which is the price the investment could be sold for on December 31, 2012.

Interest earnings are allocated to Village funds according to State statutes, Village charter, grant requirements, or debt related restrictions. Interest revenue credited to the General Fund during 2012 was \$17,825 which includes \$11,733 assigned from other Village funds.

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

G. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

Unclaimed monies that have a legal restriction on their use are reported as restricted.

Village of Obetz
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Capital Assets

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in governmental funds. General capital assets are reported in the governmental activities column on the government-wide statement of net position but are not reported on the fund financial statements. Capital assets used by the enterprise funds are reported in both the business-type activities column on the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost and updated for additions and reductions during the year. Donated capital assets are recorded at their fair market value on the date donated. The Village maintains a capitalization threshold of two thousand dollars. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of enterprise fund capital assets is also capitalized.

All capital assets are depreciated, except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the Village's historical records of necessary improvements and replacement. The Village reports all infrastructure, including that acquired prior to 1980.

Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Buildings	50 years	50 years
Improvements Other Than Buildings	20 years	N/A
Streets	20 years	N/A
Water, Sewer, Electric, and Gas Lines	N/A	50-75 years
Equipment	10-50 years	10-20 years
Vehicles	3-15 years	10 years

I. Interfund Receivables/Payables

On fund financial statements, receivables and payables resulting from short-term interfund loans or unpaid amounts for interfund services provided are reported as "Interfund Receivables/Payables". Interfund balances are eliminated on the statement of net position except for any net residual amounts due between governmental and business-type activities. These amounts are reflected as "Internal Balances".

J. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable the Village will compensate the employees for the benefits through paid time off or some other means. The Village records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Village of Obetz
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the Village has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employee wage rates at year end taking into consideration any limits specified in Village policies. The Village records a liability for accumulated unused sick leave for all employees with ten or more years of service with the Village.

The entire compensated absences liability is reported on the government-wide financial statements.

On governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the accounts "Matured Compensated Absences Payable" in the fund from which the employees who have accumulated unpaid leave are paid.

K. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the government-wide financial statements. All payables, accrued liabilities, and long-term obligations payable from the proprietary funds are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Long-term notes, bonds, and loans are recognized as liabilities on the fund financial statements when due.

L. Net Position

Net position represents the difference between all other elements on the statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through constitutional provisions or enabling legislation adopted by the Village or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes includes activities for construction, repair, and maintenance of streets, recreation related activities, and various police department grants and programs. The Village's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

M. Fund Balance

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

Village of Obetz
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Nonspendable - The nonspendable classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The “not in spendable form” includes items that are not expected to be converted to cash.

Restricted - The restricted classification includes amounts restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (Village ordinances).

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

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

Assigned - Amounts in the assigned classification are intended to be used by the Village for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. Assigned amounts represent intended uses established by Village Council. The Village Council has authorized the Village Finance Director to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

Village of Obetz
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Village, these revenues are charges for services for water, sewer, electric, refuse, and natural gas services, as well as insurance contributions in the internal service fund. Operating expenses are the necessary costs incurred to provide the service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating.

O. Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPALS AND RESTATEMENT OF FUND BALANCE/NET POSITION

A. Change in Accounting Principals

For 2012, the Village has implemented Governmental Accounting Standards Board (GASB) Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements", Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989, FASB and AICPA Pronouncements", Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position", Statement No. 64, "Derivative Instruments: Application of Hedge Accounting Termination Provisions-an amendment of GASB Statement No. 53", Statement No. 65, "Items Previously Reported as Assets and Liabilities", and Statement No. 66, "Technical Corrections-2012-an amendment of GASB Statements No. 10 and No. 62".

GASB Statement No. 60 improves financial reporting by addressing issues related to service concession arrangements which are a type of public-public or public-private partnership. The implementation of this statement did not result in any change to the Village's financial statements.

GASB Statement No. 62 incorporates into GASB's authoritative literature certain FASB and AICPA pronouncements issued on or before November 30, 1989. The implementation of this statement did not result in any change to the Village's financial statements.

GASB Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in the statement of financial position and related note disclosures. These changes were incorporated in the Village's 2012 financial statements; however, there was no effect on beginning net position and/or fund balance.

GASB Statement No. 64 clarifies whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied. The implementation of this statement did not result in any change to the Village's financial statements.

Village of Obetz
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPALS AND RESTATEMENT OF FUND BALANCE/NET POSITION (continued)

GASB Statement No. 65 properly classifies certain items that were previously reported as assets or liabilities as deferred outflows of resources or deferred inflows of resources or recognizes certain items that were previously reported as assets or liabilities as inflows of resources (revenues) or outflows of resources (expenses or expenditures). These changes were incorporated in the Village's 2012 financial statements; however, there was no effect on beginning net position and/or fund balance.

GASB Statement No. 66 resolves conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and, thereby, enhance the usefulness of the financial reports. The implementation of this statement did not result in any change to the Village's financial statements.

B. Restatement of Fund Balance/Net Position

For the year ended December 31, 2012, the Village of Obetz has presented for the first time basic financial statements in accordance with generally accepted accounting principles. In conjunction with this presentation, the Village has changed its basis of accounting from the cash basis of accounting to government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds.

This change required that certain adjustments be recorded to the January 1, 2012, fund balances/net position as previously recorded to reflect the prior year's effect of adopting these new accounting principles.

The transition from cash fund balance for governmental funds is as follows:

	General	General Obligation Debt Service	Conference Center/Lancaster Park Improvements	Alum Creek and Groveport Road Project
Cash Fund Balance at December 31, 2011	\$2,528,189	\$941,042	\$0	\$0
Change in Fund Structure	0	1,944	0	0
Basis of Accounting Adjustments:				
Cash and Cash Equivalents	9,017	0	216	0
Accounts Receivable	7,669	0	0	0
Accrued Interest Receivable	5,027	0	710	0
Due from Other Governments	96,989	0	0	69,920
Municipal Income Taxes Receivable	724,380	0	0	0
Other Local Taxes Receivable	16,625	0	0	0
Property Taxes Receivable	185,583	0	0	0
Payment in Lieu of Taxes Receivable	0	191,479	0	0
Accrued Wages Payable	(30,899)	0	0	0
Accounts Payable	(33,815)	0	0	0
Contracts Payable	0	0	0	(69,920)

(continued)

Village of Obetz
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPALS AND RESTATEMENT OF FUND BALANCE/NET POSITION (continued)

	General	General Obligation Debt Service	Conference Center/Lancaster Park Improvements	Alum Creek and Groveport Road Project
Basis of Accounting Adjustments (continued):				
Due to Other Governments	(\$121,693)	\$0	\$0	\$0
Deferred Inflows of Resources:				
Property Taxes	(166,616)	0	0	0
Payment in Lieu of Taxes	0	(191,479)	0	0
Unavailable Revenue	(460,963)	0	(457)	(69,920)
Fund Balance (Deficit) at December 31, 2011	<u>\$2,759,493</u>	<u>\$942,986</u>	<u>\$469</u>	<u>(\$69,920)</u>

	Other Governmental	Total Governmental Funds
Cash Fund Balance at December 31, 2011	\$1,156,912	\$4,626,143
Change in Fund Structure	(1,944)	0
Basis of Accounting Adjustments:		
Cash and Cash Equivalents	889	10,122
Cash and Cash Equivalents with Fiscal Agent	117,628	117,628
Accounts Receivable	0	7,669
Accrued Interest Receivable	132	5,869
Due from Other Governments	142,824	309,733
Municipal Income Taxes Receivable	0	724,380
Other Local Taxes Receivable	1,157	17,782
Interfund Receivable	16,460	16,460
Property Taxes Receivable	0	185,583
Payment in Lieu of Taxes Receivable	353,606	545,085
Accrued Wages Payable	0	(30,899)
Accounts Payable	(3,063)	(36,878)
Contracts Payable	0	(69,920)
Due to Other Governments	(549)	(122,242)
Interfund Payable	(16,460)	(16,460)
Deferred Inflows of Resources:		
Property Taxes	0	(166,616)
Payment in Lieu of Taxes	(353,606)	(545,085)
Unavailable Revenue	(121,933)	(653,273)
Fund Balance at December 31, 2011	<u>\$1,292,053</u>	<u>\$4,925,081</u>

Village of Obetz
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPALS AND RESTATEMENT OF FUND BALANCE/NET POSITION (continued)

The transition from governmental fund balance to net position of governmental activities is as follows:

	Total Governmental Funds
Fund Balance at December 31, 2011	\$4,925,081
Adjustments:	
Accounts Receivable	2,969
Accrued Interest Receivable	3,777
Due from Other Governments	274,278
Municipal Income Taxes Receivable	337,795
Other Local Taxes Receivable	15,487
Property Taxes Receivable	18,967
Capital Assets	78,141,659
Accumulated Depreciation	(25,149,213)
Accrued Interest Payable	(33,899)
Bond Anticipation Notes Payable	(1,385,000)
General Obligation Bonds Payable	(3,180,000)
TIF Revenue Bonds Payable	(5,385,000)
Judgements Payable	(669,661)
OPWC Loans Payable	(150,839)
Compensated Absences Payable	(130,066)
Internal Service Fund	5,732
Governmental Activities Net Position at December 31, 2011	\$47,642,067

The transition from cash fund balance to net position of the business-type activities and the internal service fund is as follows:

	Water	Sewer	Electric	Other Enterprise	Total Business-Type Activities	Internal Service
Cash Fund Balance at December 31, 2011	\$859,031	\$180,840	\$802,784	\$782,591	\$2,625,246	\$13,832
Adjustments:						
Accounts Receivable	152,670	147,494	413,358	381,993	1,095,515	0
Capital Assets	6,406,215	13,409,221	788,609	526,730	21,130,775	0
Accumulated Depreciation	(1,920,118)	(3,291,653)	(73,895)	(66,527)	(5,352,193)	0
Accrued Wages Payable	(2,247)	(1,557)	(818)	(819)	(5,441)	0
Accounts Payable	(5,504)	(668)	(233,294)	(165,785)	(405,251)	0

(continued)

Village of Obetz
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPALS AND RESTATEMENT OF FUND BALANCE/NET POSITION (continued)

	Water	Sewer	Electric	Other Enterprise	Total Business-Type Activities	Internal Service
Adjustments (continued):						
Contracts Payable	\$0	\$0	(\$20,442)	\$0	(\$20,442)	\$0
Due to Other Governments	(97,050)	(150,623)	(454)	(454)	(248,581)	0
Claims Payable	0	0	0	0	0	(8,100)
OWDA Loans Payable	(285,041)	(500,113)	0	0	(785,154)	0
Compensated Absences Payable	(11,564)	(8,035)	0	0	(19,599)	0
Net Position at December 31, 2011	<u>\$5,096,392</u>	<u>\$9,784,906</u>	<u>\$1,675,848</u>	<u>\$1,457,729</u>	<u>\$18,014,875</u>	<u>\$5,732</u>

NOTE 4 - ACCOUNTABILITY

At December 31, 2012, the Alum Creek and Groveport Road Project and Natureworks Grant capital project funds had deficit fund balances, in the amount of \$827,899 and \$16,460, respectively, resulting from adjustments for accrued liabilities. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Budgetary Basis) and Actual for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and the GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding year end encumbrances are treated as expenditures (budget basis) rather than restricted, committed, or assigned fund balance (GAAP basis).

Village of Obetz
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING (continued)

Adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis are as follows:

	General
GAAP Basis	\$1,215,357
<u>Increases (Decreases) Due To</u>	
Revenue Accruals:	
Accrued 2011, Received in Cash 2012	408,694
Accrued 2012, Not Yet Received in Cash	(895,411)
Expenditure Accruals:	
Accrued 2011, Paid in Cash 2012	(186,407)
Accrued 2012, Not Yet Paid in Cash	564,762
Cash Accruals:	
Unrecorded Activity 2011	7,309
Unrecorded Activity 2012	(439,267)
Encumbrances Outstanding at Year End (Budget Basis)	(758,680)
Budget Basis	(\$83,643)

NOTE 6 - DEPOSITS 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 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.

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

Village of Obetz
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

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 bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAR Ohio); and
8. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 25 percent of the interim monies available for investment at any one time.

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

Village of Obetz
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 6 - DEPOSITS AND INVESTMENTS (continued)

Investments

As of December 31, 2012, the Village had the following investments:

	<u>Fair Value</u>	<u>Maturity</u>
Municipal Securities	\$500,810	3/14/13
STAR Ohio	4,251,000	55 Days
	<u>\$4,751,810</u>	

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The investment policy restricts the Village from investing in any securities other than those identified in the Ohio Revised Code and that all investments must mature within five years from the date of investment unless they are matched to a specific obligation or debt of the Village.

The municipal securities carry a rating of SP-1+ by Standard and Poor's. STAR Ohio carries a rating of AAA by Standard and Poor's. The Village has no investment policy dealing with credit risk beyond the requirements of State statute. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

The Village places no limit on the amount of its inactive monies it may invest in a particular security. The following table indicates the percentage of each investment to the Village's total portfolio.

	<u>Fair Value</u>	<u>Percentage of Portfolio</u>
Municipal Securities	\$500,810	10.54%

NOTE 7 - RECEIVABLES

Receivables at December 31, 2012, consisted of accounts (billings for user charged services, including unbilled utility services); accrued interest; intergovernmental receivables arising from grants, entitlements, and shared revenues; municipal income taxes; other local taxes; interfund; amounts due from an external party; property taxes; and payment in lieu of taxes. All receivables are considered collectible in full and within one year, except for municipal income taxes and property taxes. Municipal income taxes and property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

Village of Obetz
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 7 - RECEIVABLES (continued)

A summary of the principal items of intergovernmental receivables follows:

	Amount
Governmental Activities	
Major Funds	
General Fund	
Homestead and Rollback	\$6,698
Local Government	55,441
Cigarette Taxes	149
Prairie-Obetz JEDZ	34,510
Total General Fund	96,798
Alum Creek and Groveport Road Project	
Franklin County	827,899
Total Major Funds	924,697
Nonmajor Funds	
Street Construction and Maintenance	
Gasoline Tax	90,111
Motor Vehicle License Tax	26,387
Total Street Construction and Maintenance	116,498
Natureworks Grant	
Natureworks Grant	16,460
Total Nonmajor Funds	132,958
Total Governmental Activities	\$1,057,655

NOTE 8 - MUNICIPAL INCOME TAXES

The Village levies a 2 percent income tax whose proceeds are placed into the General Fund, General Obligation Bond Retirement Fund, and the Westside Road Improvement Project Fund. The Village levies and collects the tax on all income earned within the Village as well as on incomes of residents earned outside the Village. Employers within the Village are required to withhold income tax on employee earnings and remit the tax to the Village at least quarterly. Individual taxpayers, whose only income is subject to withholding by employers and employers file a final return annually, are not required to file a final annual return. Corporations and other individual taxpayers are required to pay their estimated tax at least quarterly and file a final return annually.

Village of Obetz
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 9 - PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the Village. Real property tax revenues received in 2012 represent the collection of 2011 taxes. Real property taxes received in 2012 were levied after October 1, 2011, on the assessed values as of January 1, 2011, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in 2012 represent the collection of 2011 taxes. Public utility real and tangible personal property taxes received in 2012 became a lien on December 31, 2010, were levied after October 1, 2011, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The County Treasurer collects property taxes on behalf of all taxing districts within the County, including the Village of Obetz. The County Auditor periodically remits to the Village its portion of the taxes collected.

Accrued property taxes receivable represents real and public utility property taxes which were measurable as of December 31, 2012, and for which there was an enforceable legal claim. In the governmental funds, the portion of the receivable not levied to finance 2012 operations is offset to deferred inflows of resources - property taxes. On the accrual basis, delinquent real property taxes have been recorded as a receivable and revenue while on the modified accrual basis, the revenue has been recorded as deferred inflows of resources - unavailable revenue.

The full tax rate for all Village operations for the year ended December 31, 2012, was \$1.70 per \$1,000 of assessed value. The assessed values of real and public utility property upon which 2012 property tax receipts were based are as follows:

Category	Amount
Real Property	
Agricultural	\$1,302,800
Residential	50,320,830
Commercial	12,583,290
Industrial	41,200,390
Public Utility Property	
Real	38,980
Personal	2,906,000
Total Assessed Value	\$108,352,290

Village of Obetz
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 10 - PAYMENT IN LIEU OF TAXES

According to State law, the Village has entered into agreements with a number of property owners under which the Village has granted property tax exemptions to those property owners. The property owners have agreed to make payments to the Village which reflect all or a portion of the property taxes which the property owners would have paid if the taxes had not been exempted. The property owners contractually promise to make these payments in lieu of taxes until the agreement expires.

NOTE 11 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2012, was as follows:

	Balance December 31, 2011	Additions	Reductions	Balance December 31, 2012
Governmental Activities:				
Nondepreciable Capital Assets				
Land	\$540,568	\$0	\$0	\$540,568
Construction in Progress	7,044,386	7,897,743	0	14,942,129
Total Nondepreciable Capital Assets	<u>7,584,954</u>	<u>7,897,743</u>	<u>0</u>	<u>15,482,697</u>
Depreciable Capital Assets				
Buildings	7,843,083	109,709	(23,364)	7,929,428
Improvements Other Than Buildings	1,108,824	0	0	1,108,824
Streets	60,027,603	0	0	60,027,603
Equipment	1,003,630	87,295	0	1,090,925
Vehicles	573,565	319,906	(102,518)	790,953
Total Depreciable Capital Assets	<u>70,556,705</u>	<u>516,910</u>	<u>(125,882)</u>	<u>70,947,733</u>
Less Accumulated Depreciation for				
Buildings	(899,909)	(156,373)	15,878	(1,040,404)
Improvements Other Than Buildings	(292,629)	(55,089)	0	(347,718)
Streets	(23,028,694)	(2,808,137)	0	(25,836,831)
Equipment	(483,412)	(80,258)	0	(563,670)
Vehicles	(444,569)	(53,239)	95,795	(402,013)
Total Accumulated Depreciation	<u>(25,149,213)</u>	<u>(3,153,096)</u>	<u>111,673</u>	<u>(28,190,636)</u>
Total Depreciable Capital Assets, Net	<u>45,407,492</u>	<u>(2,636,186)</u>	<u>(14,209)</u>	<u>42,757,097</u>
Governmental Activities Capital Assets, Net	<u>\$52,992,446</u>	<u>\$5,261,557</u>	<u>(\$14,209)</u>	<u>\$58,239,794</u>

Village of Obetz
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 11 - CAPITAL ASSETS (continued)

	Balance December 31, 2011	Additions	Reductions	Balance December 31, 2012
Business-Type Activities:				
Nondepreciable Capital Assets				
Land	\$4,550	0	0	\$4,550
Depreciable Capital Assets				
Buildings	18,790	129,700	0	148,490
Water, Sewer, Electric, and Gas Lines	20,962,203	1,250	0	20,963,453
Equipment	77,070	2,098	0	79,168
Vehicles	68,162	26,891	0	95,053
Total Depreciable Capital Assets	21,126,225	159,939	0	21,286,164
Less Accumulated Depreciation for				
Buildings	(1,240)	(351)	0	(1,591)
Water, Sewer, Electric, and Gas Lines	(5,251,607)	(332,049)	0	(5,583,656)
Equipment	(37,236)	(6,562)	0	(43,798)
Vehicles	(62,110)	(2,017)	0	(64,127)
Total Accumulated Depreciation	(5,352,193)	(340,979)	0	(5,693,172)
Total Depreciable Capital Assets, Net	15,774,032	(181,040)	0	15,592,992
Business-Type Activities Capital Assets, Net	\$15,778,582	(\$181,040)	\$0	\$15,597,542

Depreciation expense was charged to governmental functions as follows:

Governmental Activities	
Security of Persons and Property	\$76,311
Leisure Time Activities	147,561
Community Environment	7,318
Transportation	2,845,379
General Government	76,527
Total Depreciation Expense - Governmental Activities	<u>\$3,153,096</u>

NOTE 12 - INTERFUND RECEIVABLES/PAYABLES

At December 31, 2012, the General Fund, other governmental funds, and the water and sewer enterprise funds had an interfund receivable, in the amount of \$39,381, \$19,291, \$1,072, and \$350, respectively, from other governmental funds, for services provided to those funds. Amounts are expected to be repaid within one year.

Village of Obetz
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 13 - RISK MANAGEMENT

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. There has been no significant reduction in insurance coverage from 2011, and no insurance settlement has exceeded insurance coverage during the last three years.

The Village participates in the Public Entities Pool of Ohio, a public entity shared risk pool. The Village pays an annual premium to the pool for various types of insurance coverage. Members agree to share in the coverage of losses and pay all premiums necessary for the specified insurance coverage. Upon withdrawal from the Pool, a participant is responsible for the payment of all liabilities accruing as a result of withdrawal.

Workers' compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

The Village of Obetz provides employee health coverage through an HRA program. The Village established an HRA internal service fund to account for and finance the cost of this program. Claims payable is based on the requirements of Governmental Accounting Standards Board Statement No. 30, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount can be reasonably estimated. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

This is the first year the Village has prepared financial statements according to generally accepted accounting principles so prior year information is not available. The changes in the claims liability for 2012 was as follows:

Year	Beginning Balance	Current Year Claims and Changes in Estimates	Claims Payments	Ending Balance
2012	\$8,100	\$65,325	\$59,868	\$13,557

Village of Obetz
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 14 - SIGNIFICANT CONTRACTUAL COMMITMENTS

The Village has several outstanding contracts for professional services. The following amounts remained on these contracts as of December 31, 2012:

Vendor	Contract Amount	Amount Paid as of 12/31/12	Outstanding Balance
The Quandel Group, Inc.	\$2,812,994	\$240,390	\$2,572,604

At year end, the significant encumbrances expected to be honored upon performance by the vendor in 2013 are as follows:

General Fund	\$758,680
Conference Center/Lancaster Park Improvements Fund	2,575,104
Total	<u>\$3,333,784</u>

NOTE 15 - DEFINED BENEFIT PENSION PLANS

A. Ohio Public Employees Retirement System

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

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll. For the year ended December 31, 2012, members in state and local classifications contributed 10 percent of covered payroll. For 2012, member and employer contribution rates were consistent across all three plans.

Village of Obetz
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 15 - DEFINED BENEFIT PENSION PLANS (continued)

The Village's 2012 contribution rate was 14 percent. The portion of the Village's contribution used to fund pension benefits is net of postemployment health care benefits. The portion of the Village's contribution allocated to health care for members in the traditional plan was 4 percent for 2012. The portion of the employer contribution allocated to health care for members in the combined plan was 6.05 percent for 2012. Employer contribution rates are actuarially determined.

The Village's required contribution for pension obligations to the traditional and combined plans for the years ended December 31, 2012, 2011, and 2010, \$160,440, \$153,284, and \$129,217, respectively. For 2012, 91 percent has been contributed with the balance reported as an intergovernmental payable. The full amount has been contributed for 2011 and 2010. There were no contributions made to the member-directed plan for 2012.

B. Ohio Police and Fire Pension Fund

Plan Description - The Village contributes to the Ohio Police and Fire Pension Fund (OPF), a cost-sharing, multiple-employer defined benefit pension plan. OPF provides retirement and disability pension 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. OPF issues a publicly available financial that includes financial information and required supplementary information for the plan. The report that may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164 or by visiting the website at www.op-f.org.

Funding Policy - The Ohio Revised Code requires plan members to contribute 10 percent of their annual covered salary while employers are required to contribute 19.5 percent for police officers. The OPF pension fund is authorized by the Ohio Revised Code to allocate a portion of the employer contribution to retiree health care benefits. For 2012, the portion of the Village's contribution used to fund pension benefits was 12.75 percent of covered payroll for police officers. The Village's contribution to OPF for police pension was \$119,920 for the year ended December 31, 2012, \$109,067 for the year ended December 31, 2011, and \$101,941 for the year ended December 31, 2010. For 2012, 75 percent has been contributed for police with the balance reported as an intergovernmental payable. The full amount has been contributed for 2011 and 2010.

NOTE 16 - POSTEMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit postemployment health care plan for qualifying members of both the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits, including postemployment health care coverage. The plan includes a medical plan, a prescription drug program, and Medicare Part B premium reimbursement.

Village of Obetz
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 16 - POSTEMPLOYMENT BENEFITS (continued)

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

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The postemployment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of postemployment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2012, state and local employers contributed 14 percent of covered payroll. This is the maximum employer contribution rate permitted by the Ohio Revised Code.

Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding postemployment health care benefits. The portion of the employer contribution allocated to health care for members in the traditional plan was 4 percent for 2012. The portion of the employer contribution allocated to health care for members in the combined plan was 6.05 percent in 2012. Effective January 1, 2013, the portion of the employer contribution allocated to health care was lowered to 1 percent for both plans as recommended by the OPERS actuary.

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 the retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the postemployment health care plan.

The Village's contribution allocated to fund postemployment health care benefits for the years ended December 31, 2012, 2011, and 2010 was \$54,991, \$50,847, and \$63,710, respectively. For 2012, 91 percent has been contributed with the balance reported as an intergovernmental payable. The full amount has been contributed for 2011 and 2010.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 9, 2012, with a transition plan commencing on January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contribution toward the health care fund after the end of the transition period.

Village of Obetz
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 16 - POSTEMPLOYMENT BENEFITS (continued)

B. Ohio Police and Fire Pension Fund

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

OPF provides access to postretirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check, or is a spouse or eligible dependent child of such person. The health care coverage provided by OPF meets the definition of an Other Postemployment Benefit (OPEB) as described in Government Accounting Standards Board (GASB) Statement No. 45.

The Ohio Revised Code allows, but does not mandate, OPF to provide OPEB benefits. Authority for the OPF 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.

OPF issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164 or by visiting the OPF website at www.op-f.org.

Funding Policy - The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OPF defined benefit pension plan. Participating employers are required by the Ohio Revised Code to contribute to the pension plan at rates expressed as a percentage of payroll of active pension plan members, currently 19.5 percent of covered payroll for police. Active members do not make contributions to the OPEB Plan.

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

The Board of Trustees is authorized to allocate a portion of the total employer contribution made to the pension plan to 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, 2012, the employer contribution allocated to the health care plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

Village of Obetz
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 16 - POSTEMPLOYMENT BENEFITS (continued)

The Village's contribution to OPF which was allocated to fund postemployment health care benefits for police was \$63,487 for the year ended December 31, 2012, \$57,742 for the year ended December 31, 2011, and \$53,969 for the year ended December 31, 2010. For 2012, 75 percent has been contributed for police with the balance reported as an intergovernmental payable. The full amount has been contributed for 2011 and 2010.

NOTE 17 - OTHER EMPLOYEE BENEFITS

A. Health Care Benefits

The Village offers employee health, vision, and dental benefits through the Central Ohio Health Care. The Village offers life insurance benefits through the Unum Life Insurance Company. The employees share the cost of the monthly premium with the Village.

B. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from Village policies and State laws.

Village employees earn and accumulate vacation at varying rates depending on length of service. Current policy credits vacation leave on the employee's anniversary date. Employees are paid for up to two years of earned unused vacation leave upon termination.

Sick leave is earned at various rates as defined by Village policy. All employees with ten or more years of full-time service with the Village, who elect to retire, are entitled to receive one-fourth of the value of their accumulated unused sick leave up to a maximum of thirty days.

NOTE 18 - LONG-TERM OBLIGATIONS

The Village's long-term obligations activity for the year ended December 31, 2012, was as follows:

	Interest Rate	Balance December 31, 2011	Additions	Reductions	Balance December 31, 2012	Due Within One Year
<u>Governmental Activities</u>						
Bond Anticipation Notes						
2011 Various Purpose Notes						
(Original Amount \$1,385,000)	2.90%	\$1,385,000	\$0	\$1,385,000	\$0	\$0
2012 Various Purpose Notes						
(Original Amount \$2,500,000)	4.60	0	2,500,000	2,500,000	0	0
Total Bond Anticipation Notes		1,385,000	2,500,000	3,885,000	0	0

(continued)

Village of Obetz
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 18 - LONG-TERM OBLIGATIONS (continued)

	Interest Rate	Balance December 31, 2011	Additions	Reductions	Balance December 31, 2012	Due Within One Year
<u>Governmental Activities</u> (continued)						
General Obligation Bonds						
2001 Municipal Building Bonds						
(Original Amount \$5,000,000)	2.55%	\$3,180,000	\$0	\$3,180,000	\$0	\$0
2012 Various Purpose Refunding and Improvement Bonds						
(Original Amount \$6,240,000)	5-3	0	6,240,000	0	6,240,000	470,000
Total General Obligation Bonds		3,180,000	6,240,000	3,180,000	6,240,000	470,000
TIF Revenue Bonds						
(Original Amount \$5,735,000)	3.75	5,385,000	0	130,000	5,255,000	135,000
Judgements						
Hamilton Township (Fire Truck)						
(Original Amount \$252,150)	4.60	86,665	0	27,585	59,080	28,868
Madison Township (Fire Truck)						
(Original Amount \$250,000)	3.97	82,194	0	26,339	55,855	27,384
Hamilton Local School District						
		100,363	0	46,158	54,205	41,166
Groveport Madison Local School District						
		400,439	0	92,806	307,633	83,841
Total Judgements		669,661	0	192,888	476,773	181,259
OPWC Loans						
#CC909						
(Original Amount \$250,410)		131,464	0	12,520	118,944	12,520
#CT10H						
(Original Amount \$25,000)		19,375	0	1,250	18,125	1,250
Total OPWC Loans		150,839	0	13,770	137,069	13,770
Compensated Absences		130,066	19,919	19,866	130,119	80,102
Total Governmental Activities		\$10,900,566	\$8,759,919	\$7,421,524	\$12,238,961	\$880,131
<u>Business-Type Activities</u>						
OWDA Loans						
#3006 Water System Expansion						
(Original Amount \$711,818)	6.12%	\$285,041	\$0	\$45,221	\$239,820	\$47,988
#3007 Wastewater Treatment Plant Expansion						
(Original Amount \$1,248,905)	6.12	500,113	0	79,341	420,772	84,197
Total OWDA Loans		785,154	0	124,562	660,592	132,185
Compensated Absences		19,599	5,909	0	25,508	7,702
Total Business-Type Activities		\$804,753	\$5,909	\$124,562	\$686,100	\$139,887

Village of Obetz
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 18 - LONG-TERM OBLIGATIONS (continued)

2011 Various Purpose Notes

On November 30, 2011, the Village issued \$1,385,000 in general obligation bond anticipation notes for various construction projects within the Village. The notes matured on November 29, 2012, and were retired with the proceeds of general obligation bonds issued on November 14, 2012.

2012 Various Purpose Notes

On September 19, 2012, the Village issued \$2,500,000 in general obligation bond anticipation notes to improve Lancaster Park and the Community Center Park. The notes matured on November 29, 2012, and were retired with the proceeds of general obligation bonds issued on November 14, 2012.

2001 Municipal Building Bonds

On November 14, 2001, the Village issued general obligation bonds, in the amount of \$5,000,000, to construct and equip municipal buildings. The bonds were issued for a twenty-one year period with final maturity in year 2022. The bonds were fully retired in 2012 with the proceeds of general obligation bonds issued on November 14, 2012.

2012 Various Purpose Refunding and Improvement Bonds

On November 14, 2012, the Village issued general obligation bonds, in the amount of \$6,240,000: \$2,730,000 to currently refund the remaining balance of the general obligation bonds previously issued in 2001, \$3,045,000 to retire notes previously issued (the Village also paid principal, in the amount of \$840,000), and \$465,000 for various construction projects and to improve Lancaster Park and the Community Center Park. The bonds were issued for an eighteen year period, with final maturity in 2030. The bonds will be retired through the General Obligation Debt Service Fund.

As of December 31, 2012, the Village had unspent proceeds, in the amount of \$1,704,444.

The bonds maturing on December 1, 2024, are subject to mandatory sinking fund redemption, at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the date of redemption, on December 1 in the years and the respective principal amounts as follows:

<u>Year</u>	<u>Amount</u>
2023	\$165,000

The remaining principal, in the amount of \$170,000, will be paid at stated maturity on December 1, 2024.

The bonds maturing on December 1, 2027, are subject to mandatory sinking fund redemption, at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the date of redemption, on December 1 in the years and the respective principal amounts as follows:

<u>Year</u>	<u>Amount</u>
2025	\$170,000
2026	175,000

The remaining principal, in the amount of \$180,000, will be paid at stated maturity on December 1, 2027.

Village of Obetz
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 18 - LONG-TERM OBLIGATIONS (continued)

The bonds maturing on December 1, 2030, are subject to mandatory sinking fund redemption, at a redemption price equal to 100 percent of the principal amount redeemed plus accrued interest to the date of redemption, on December 1 in the years and the respective principal amounts as follows:

Year	Amount
2028	\$185,000
2029	185,000

The remaining principal, in the amount of \$190,000, will be paid at stated maturity on December 1, 2030.

The bonds maturing on or after December 1, 2018, are subject to optional redemption prior to maturity, commencing December 1, 2017, either in whole or in part, in such order as the Village shall determine, on any date on or after December 1, 2012, at a redemption price equal to the following percentages of principal redeemed plus accrued interest to the date of redemption:

Redemption Dates (Dates Inclusive)	Redemption Prices
December 1, 2018, and thereafter	100

TIF Revenue Bonds

On October 2, 2007, the Village issued tax increment financing (TIF) revenue bonds, in the amount of \$5,735,000, to construct and widen Toy Road. The joint project was completed by a developer and the Village. The Village's responsibility for the debt is limited to the amount of payments in lieu of taxes collected on the abated property. Any shortage between the amount collected and the amount due to be paid on the debt is paid by the developer. The developer was required to post a letter of credit upon which the developer may draw to satisfy the debt obligation. The letter of credit was issued by Huntington Bank. For the year ended December 31, 2012, the Village collected and remitted to Huntington Bank \$341,056. The amount required to service this debt for the year ended December 31, 2012, was \$320,676; \$130,000 principal and \$190,676 interest. Nothing was paid from the letter of credit issued by Huntington Bank for 2012.

Judgements

The Village settled a lawsuit with the Groveport Madison and Hamilton local school districts, and Madison and Hamilton townships. The lawsuit alleged that the Village unlawfully modified the Community Reinvestment Area and Agreement to the detriment of the school districts and townships. The Village, while not admitting to any wrongful acts, agreed to pay the Groveport Madison and Hamilton local school districts each year the amount the school districts would have received had no exemptions been issued. Payments continue until the County Auditor certifies that no residential dwelling is receiving an exemption. However, the future amounts due can be adjusted for modifications to either school district's property tax millage. The Village also agreed to pay the debt for fire trucks for each township.

OPWC Loans

OPWC loans consist of money owed to the Ohio Public Works Commission for engineering costs for the widening of Alum Creek Drive. OPWC loans will be paid from the General Obligation Debt Service Fund.

Village of Obetz
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 18 - LONG-TERM OBLIGATIONS (continued)

OWDA Loan

OWDA loans consist of money owed to the Ohio Water Development Authority for construction of water and sewer lines at the Creekside Industrial Park. OWDA loans are payable solely from the gross revenues of the Water and Sewer enterprise funds after provisions for reasonable operating and maintenance expenses. Annual principal and interest payments on the loans are expected to require less than 100 percent of these net revenues. The total principal and interest remaining to be paid on the loans is \$776,760. Principal and interest paid in the Water and Sewer enterprise funds for the current year were \$62,666 and \$109,948, respectively. Total net revenues for the Water and Sewer enterprise funds were \$367,176 and \$263,000, respectively.

Compensated Absences

The compensated absences liability will be paid from the fund from which the employees' salaries are paid. These funds include the General Fund and the Water and Sewer enterprise funds.

The Village's legal debt margin was \$5,173,792 at December 31, 2012.

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

	Governmental Activities			
	General Obligation Bonds		TIF Revenue Bonds	
	Principal	Interest	Principal	Interest
2013	\$470,000	\$124,403	\$135,000	\$195,264
2014	475,000	121,025	140,000	190,165
2015	480,000	111,525	150,000	185,340
2016	480,000	101,925	160,000	179,667
2017	455,000	87,525	165,000	173,580
2018-2022	2,460,000	301,525	955,000	767,560
2023-2027	860,000	141,113	1,225,000	566,932
2028-2032	560,000	30,937	1,575,000	308,897
2033-2034	0	0	750,000	35,599
	\$6,240,000	\$1,019,978	\$5,255,000	\$2,603,004

	OPWC		
	Loans	Judgements	
	Principal	Principal	Interest
2013	\$13,770	\$181,259	\$4,607
2014	13,770	155,563	2,177
2015	13,770	83,841	0
2016	13,770	56,110	0
2017	13,770	0	0
2018-2022	62,594	0	0
2023-2027	5,625	0	0
	\$137,069	\$476,773	\$6,784

Village of Obetz
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 18 - LONG-TERM OBLIGATIONS (continued)

The Village's future annual debt service requirements payable from the enterprise funds are as follows:

Year	<u>Business-Type Activities</u>	
	<u>OWDA Loans</u>	
	<u>Principal</u>	<u>Interest</u>
2013	\$132,185	\$40,428
2014	140,275	32,338
2015	148,860	23,753
2016	157,970	14,643
2017	81,302	5,006
	<u>\$660,592</u>	<u>\$116,168</u>

NOTE 19 - FUND BALANCE

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

<u>Fund Balance</u>	<u>General</u>	<u>General Obligation Debt Service</u>	<u>Conference Center/Lancaster Park Improvements</u>	<u>Alum Creek and Groveport Road Project</u>	<u>Other Governmental Funds</u>
Nonspendable for:					
Unclaimed Monies	\$2,879	\$0	\$0	\$0	\$0
Restricted for:					
Court Operations	0	0	0	0	71,874
Debt Retirement	0	0	0	0	2,638
Drug Enforcement	0	0	0	0	3,997
Economic Development and Rehabilitation	0	0	0	0	10,005
Park Improvements	0	0	2,107,919	0	6,994
Police Operations	0	0	0	0	9,484
Street Construction and Maintenance	0	0	0	0	748,710
Total Restricted	<u>0</u>	<u>0</u>	<u>2,107,919</u>	<u>0</u>	<u>853,702</u>
Committed for:					
Debt Retirement	0	173,871	0	0	0
Park Operations	0	0	0	0	21,064
Permanent Improvements	0	0	0	0	43,212
Police Operations	0	0	0	0	4,945
Street Construction and Maintenance	0	0	0	0	382,525
Total Committed	<u>0</u>	<u>173,871</u>	<u>0</u>	<u>0</u>	<u>451,746</u>

(continued)

Village of Obetz
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 19 - FUND BALANCE (continued)

Fund Balance	General	General Obligation Debt Service	Conference Center/Lancaster Park Improvements	Alum Creek and Groveport Road Project	Other Governmental Funds
Assigned for:					
Ditch Maintenance	\$0	\$0	\$0	\$0	\$15,090
Unpaid Obligations	758,680	0	0	0	0
Total Assigned	758,680	0	0	0	15,090
Unassigned (Deficit)	3,213,291	0	0	(827,899)	(16,460)
Total Fund Balance (Deficit)	<u>\$3,974,850</u>	<u>\$173,871</u>	<u>\$2,107,919</u>	<u>(\$827,899)</u>	<u>\$1,304,078</u>

NOTE 20 - JOINTLY GOVERNED ORGANIZATIONS

A. Big Walnut Community Improvement Corporation

The Big Walnut Community Improvement Corporation (CIC) is a not-for-profit corporation formed to promote economic development within the Village. The CIC is governed by a seven member board which includes the Mayor, President Pro Tempore of Village Council, and the Village Administrator. The primary asset of the CIC is a building. The CIC's primary revenue is rent from a lease of the building to the Columbus Crew Soccer Team. Financial information can be obtained from the Village of Obetz, 4175 Alum Creek Drive, Obetz, Ohio 43207.

B. Obetz Convention and Visitor's Bureau

The Obetz Convention and Visitor's Bureau (CVB) is governed by a seven member board which includes the Mayor, President Pro Tempore of Village Council, and the Village Administrator. The CVB receives half of the lodging tax levied by the Village and used for the promotion and marketing of the region in which the Village is located. Financial information can be obtained from the Village of Obetz, 4175 Alum Creek Drive, Obetz, Ohio 43207.

C. Prairie-Obetz Joint Economic Development Zone

The Village participates in the Prairie-Obetz Joint Economic Development Zone (JEDZ), a jointly governed organization created according to the provisions of Ohio Revised Code Section 715.691. The JEDZ is to facilitate new or expanded growth for commercial and economic development within the JEDZ and the State for the benefit of the Village, the Township, the State, and its residents. The Board consists of three members representing the Village of Obetz and appointed by the Village Council and three members representing Prairie Township and appointed by the Township Trustees. Financial information can be obtained from the Village of Obetz, 4175 Alum Creek Drive, Obetz, Ohio 43207.

Village of Obetz
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012

NOTE 21 - PUBLIC ENTITY SHARED RISK POOL

The Public Entities Pool of Ohio (Pool) is a public entity shared risk pool which provides various risk management services to its members. The Pool is governed by a seven member board of directors; six are member representatives or elected officials and one is a representative of the pool administrator, American Risk Pooling Consultants, Inc. Each member has one vote on all issues addressed by the Board of Directors.

Participation in the Pool is by written application subject to the terms of the pool agreement. Members must continue membership for a full year and may withdraw from the Pool by giving a sixty day written notice prior to their annual anniversary. Financial information can be obtained from the Public Entities Pool of Ohio, 6797 North High Street, Suite 131, Worthington, Ohio 43085.

NOTE 22 - CONTINGENT LIABILITIES

A. Litigation

There are currently no matters in litigation with the Village as defendant.

B. Federal and State Grants

For the period January 1, 2012, to December 31, 2012, the Village received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the Village believes such disallowances, if any, would be immaterial.



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 on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

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

To the Members of Council and Mayor:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Village of Obetz, Franklin County, Ohio, as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Village of Obetz's basic financial statements, and have issued our report thereon dated January 27, 2014. As noted in Note 3, the Village of Obetz implemented presenting their financial statements in accordance with generally accepted accounting principles.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village of Obetz's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village of Obetz's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village of Obetz's financial statements. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weakness may exist.

Members of Council and Mayor
Village of Obetz

Compliance and Other Matters

As part of reasonably assuring whether the Village of Obetz'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, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the Village of Obetz's management in a separate letter dated January 27, 2014.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village of Obetz's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village of Obetz's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Julian & Grube, Inc." The signature is written in black ink and is positioned above the printed name of the firm.

Julian & Grube, Inc.
January 27, 2014

This page intentionally left blank.



Dave Yost • Auditor of State

VILLAGE OF OBETZ

FRANKLIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
APRIL 8, 2014