

**VILLAGE OF CANAL WINCHESTER  
FRANKLIN COUNTY  
FINANCIAL STATEMENTS  
Years Ended December 31, 2008 and 2007**

**NANISA OSBORN, FINANCE DIRECTOR**





Mary Taylor, CPA  
Auditor of State

Village Council  
Village of Canal Winchester  
36 South High Street  
Canal Winchester, Ohio 43110

We have reviewed the *Independent Auditors' Report* of the Village of Canal Winchester, Franklin County, prepared by Jones, Cochenour & Co., for the audit period January 1, 2007 through December 31, 2008. 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 Canal Winchester is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

September 21, 2009

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**VILLAGE OF CANAL WINCHESTER  
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## INDEPENDENT AUDITORS' REPORT

To the Members of Village Council  
Village of Canal Winchester  
Canal Winchester, Ohio 43110

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Village of Canal Winchester, Franklin County, Ohio, (the "Village"), as of and for the years ended December 31, 2008 and 2007, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Village of Canal Winchester, Franklin County, Ohio as of December 31, 2008 and 2007, and the respective changes in cash basis financial position and the respective budgetary comparison for the General Fund, thereof and for the years then ended in conformity with the basis of accounting as described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2009, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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



Jones, Cochenour & Co.  
June 26, 2009

*much more than an accounting firm*

**VILLAGE OF CANAL WINCHESTER, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**  
**UNAUDITED**

The management's discussion and analysis of the Village of Canal Winchester's (the "Village") financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2008, within the limitations of the Village's cash basis of accounting. The intent of this discussion and analysis is to look at the Village's financial performance as a whole; readers should also review the cash-basis basic financial statements and the notes to the financial statements to enhance their understanding of the Village's financial performance.

**Financial Highlights**

Key financial highlights for 2008 are as follows:

- The total net cash assets of the Village decreased \$184,007. Net cash assets of governmental activities decreased \$270,483, which represents a 8.01% decrease over fiscal year 2007. Net cash assets of business-type activities increased \$86,476 or 1.43% from fiscal year 2007.
- General cash receipts accounted for \$11,701,878 or 87.83% of total governmental activities cash receipts. Program specific cash receipts accounted for \$1,621,441 or 12.17% of total governmental activities cash receipts.
- The Village had \$13,593,802 in cash disbursements related to governmental activities; \$1,621,441 of these cash disbursements were offset by program specific charges for services, grants or contributions. General cash receipts (primarily taxes) of \$11,701,878 were not adequate to provide for these programs.
- The Village's major governmental funds are the general fund and the debt service fund. The general fund, the Village's largest major fund, had cash receipts and other financing sources of \$8,275,996 in 2008. The cash disbursements and other financing uses of the general fund, totaled \$8,570,652 in 2008. The general fund's cash balance decreased \$294,656 from 2007 to 2008.
- The debt service fund, a Village major fund, had cash receipts and other financing sources of \$4,370,132 in 2008. The debt service fund had cash disbursements of \$4,364,772 in 2008. The debt service fund cash balance increased \$5,360 from 2007 to 2008.
- The Village's major business-type activities funds are the water fund and the sewer fund. Net cash assets for the water fund decreased in 2008 by \$53,187 or 2.38%. The net cash assets for the sewer fund decreased in 2008 by \$12,979 or .35%.

**Using these Cash Basis Basic Financial Statements (BFS)**

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

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

VILLAGE OF CANAL WINCHESTER, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2008  
UNAUDITED

**Reporting the Village as a Whole**

*Statement of Net Assets and the Statement of Activities*

The statement of net assets – cash basis and the statement of activities – cash basis answer the question, How did we do financially during 2008? These statements include *only net assets* using the *cash basis of accounting*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This basis of accounting takes into account only the current year's receipts and disbursements if the cash is actually received or paid.

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

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not collected) and liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

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

The statement of net assets – cash basis and the statement of activities.

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

*Fund Financial Statements*

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

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

**VILLAGE OF CANAL WINCHESTER, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**  
**UNAUDITED**

*Governmental Funds*

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

The Village's budgetary process accounts for certain transactions on a cash basis. The budgetary statement for the general fund is presented to demonstrate the Village's compliance with annually adopted budgets.

*Proprietary Funds*

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

*Fiduciary Funds*

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

*Notes to the Financial Statements*

The notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements. See the notes to the financial statements.

**VILLAGE OF CANAL WINCHESTER, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**  
**UNAUDITED**

**Government-Wide Financial Analysis**

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

**The table below provides a summary of the Village's net cash assets at December 31, 2008 and 2007:**

	Net Cash Assets					
	Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities	Total	Total
	2008	2008	2007	2007	2008	2007
<u>Assets</u>						
Equity in pooled cash and cash equivalents	\$ 3,104,590	\$ 6,135,090	\$ 3,375,073	\$ 6,048,614	\$ 9,239,680	\$ 9,423,687
Total assets	3,104,590	6,135,090	3,375,073	6,048,614	9,239,680	9,423,687
<u>Net cash assets</u>						
Restricted	519,250	-	499,221	-	519,250	499,221
Unrestricted	2,585,340	6,135,090	2,875,852	6,048,614	8,720,430	8,924,466
Total net cash assets	\$ 3,104,590	\$ 6,135,090	\$ 3,375,073	\$ 6,048,614	\$ 9,239,680	\$ 9,423,687

**The total net cash assets of the Village decreased \$184,007. Net cash assets of governmental activities decreased \$270,483, which represents a 8.01% decrease over fiscal year 2007. Net cash assets of business-type activities increased \$86,476 or 1.43% from fiscal year 2007.**

**The balance of government-wide unrestricted net cash assets of \$8,720,430 may be used to meet the government's ongoing obligations to citizens and creditors.**

**VILLAGE OF CANAL WINCHESTER, OHIO**

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

The table below shows the changes in net cash assets for fiscal years 2008 and 2007.

	Change in Net Cash Assets					
	Governmental Activities 2008	Business-type Activities 2008	Governmental Activities 2007	Business-type Activities 2007	2008 Total	2007 Total
<b>Cash Receipts:</b>						
Program cash receipts:						
Charges for services and sales	\$ 690,593	\$ 2,904,610	\$ 1,047,967	\$ 4,068,611	\$ 3,595,203	\$ 5,116,578
Operating grants and contributions	335,910	-	352,055	-	335,910	352,055
Capital grants and contributions	594,938	-	3,572,595	477,900	594,938	4,050,495
<b>Total program cash receipts</b>	<b>1,621,441</b>	<b>2,904,610</b>	<b>4,972,617</b>	<b>4,546,511</b>	<b>4,526,051</b>	<b>9,519,128</b>
General cash receipts:						
Property and other taxes	463,746	-	450,520	-	463,746	450,520
Income tax	4,190,233	-	4,119,825	-	4,190,233	4,119,825
Unrestricted grants	350,897	-	525,968	-	350,897	525,968
Sale of assets	-	-	2,747	-	-	2,747
Sale of notes	-	-	2,500,000	-	-	2,500,000
Sale of bonds	5,790,000	-	-	-	5,790,000	-
Loans	456,000	85,722	-	3,144,049	541,722	3,144,049
Investment earnings	381,841	-	458,524	-	381,841	458,524
Other	69,161	96,101	104,619	81,946	165,262	186,565
<b>Total general cash receipts</b>	<b>11,701,878</b>	<b>181,823</b>	<b>8,162,203</b>	<b>3,225,995</b>	<b>11,883,701</b>	<b>11,388,198</b>
<b>Total cash receipts</b>	<b>13,323,319</b>	<b>3,086,433</b>	<b>13,134,820</b>	<b>7,772,506</b>	<b>16,409,752</b>	<b>20,907,326</b>
<b>Cash Disbursements:</b>						
Security of persons and property	896,463	-	876,485	-	896,463	876,485
Public health services	58,173	-	38,755	-	58,173	38,755
Leisure time activities	392,356	-	367,295	-	392,356	367,295
Community environment	607,354	-	567,025	-	607,354	567,025
Transportation	1,655,683	-	1,153,026	-	1,655,683	1,153,026
General government	1,626,516	-	1,481,497	-	1,626,516	1,481,497
Capital outlay	1,386,530	-	5,240,795	-	1,386,530	5,240,795
Debt service:						
Principal retirement	3,033,385	-	2,998,777	-	3,033,385	2,998,777
Interest and fiscal charges	347,344	-	398,635	-	347,344	398,635
Bond issue costs	147,617	-	-	-	147,617	-
Discount on sale of bonds	9,239	-	-	-	9,239	-
Payment to bond escrow agent	3,433,142	-	-	-	3,433,142	-
Water	-	1,394,773	-	4,895,607	1,394,773	4,895,607
Sewer	-	1,544,194	-	1,441,034	1,544,194	1,441,034
Storm water	-	60,990	-	44,872	60,990	44,872
<b>Total cash disbursements</b>	<b>13,593,802</b>	<b>2,999,957</b>	<b>13,122,290</b>	<b>6,381,513</b>	<b>16,593,759</b>	<b>19,503,803</b>
Change in net cash assets	(270,483)	86,476	12,530	1,390,993	(184,007)	1,403,523
Net cash assets at beginning of year	3,375,073	6,048,614	3,362,543	4,657,621	9,423,687	8,020,164
<b>Net cash assets at end of year</b>	<b>\$ 3,104,590</b>	<b>\$ 6,135,090</b>	<b>\$ 3,375,073</b>	<b>\$ 6,048,614</b>	<b>\$ 9,239,680</b>	<b>\$ 9,423,687</b>

**VILLAGE OF CANAL WINCHESTER, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**  
**UNAUDITED**

**Governmental Activities**

Governmental cash assets decreased by \$270,483 in 2008 from 2007.

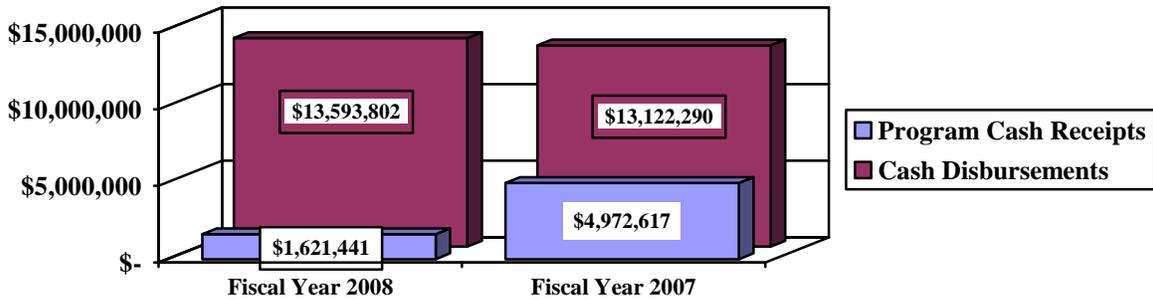
General government represents activities related to the governing body as well as activities that directly support Village programs. In 2008, general government cash disbursements totaled \$1,626,516, or 11.97% of total governmental cash disbursements. General government programs were supported primarily by \$334,479 in direct charges to users for services.

Capital outlay represents activities relating to construction projects within the Village. During 2008, capital outlay cash disbursements totaled \$1,386,530, or 10.20% of total governmental cash disbursements. Capital outlay was supported primarily by \$594,938 in capital grants.

The Village program, transportation, accounted for \$1,655,683 or 12.18% of total governmental cash disbursements. Transportation service programs are primarily supported by user fees, and state and federal grants.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2008 and 2007. That is, it identifies the cost of these services supported by tax receipts and unrestricted state grants and entitlements.

**Governmental Activities – Program Cash Receipts vs. Total Cash Disbursements**



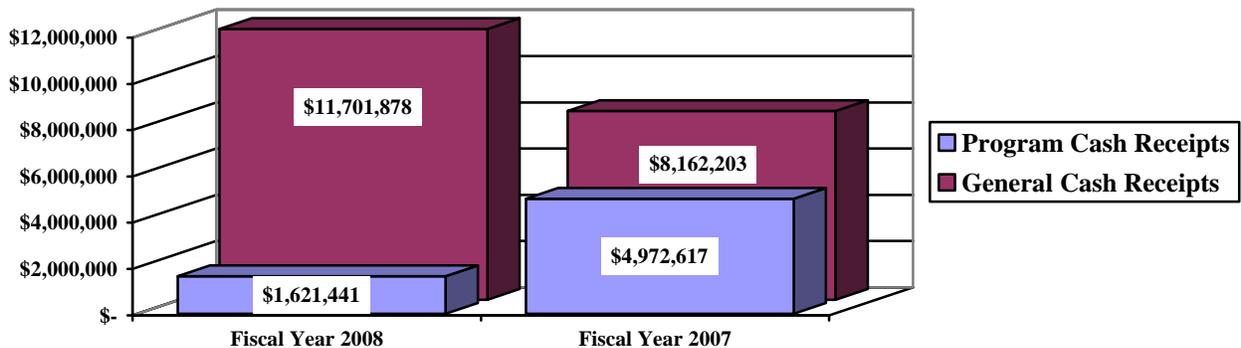
**VILLAGE OF CANAL WINCHESTER, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**  
**UNAUDITED**

The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

<b>Governmental Activities</b>				
	Total Cost of Services <u>2008</u>	Net Cost of Services <u>2008</u>	Total Cost of Services <u>2007</u>	Net Cost of Services <u>2007</u>
Cash disbursements:				
Current:				
Security of persons and property	\$ 896,463	\$ 896,463	\$ 876,485	\$ 876,485
Public health services	58,173	58,173	38,755	38,755
Leisure time activities	392,356	259,952	367,295	200,291
Community environment	607,354	462,728	567,025	191,422
Transportation	1,655,683	1,286,712	1,153,026	773,151
General government	1,626,516	1,278,412	1,481,497	1,044,191
Capital outlay	1,386,530	759,194	5,240,795	1,627,966
Debt service:				
Principal retirement	3,033,385	3,033,385	2,998,777	2,998,777
Interest and fiscal charges	347,344	347,344	398,635	398,635
Bond issue costs	147,617	147,617	-	-
Discount on sale of bonds	9,239	9,239	-	-
Payment to bond escrow agent	<u>3,433,142</u>	<u>3,433,142</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 13,593,802</u></b>	<b><u>\$ 11,972,361</u></b>	<b><u>\$ 13,122,290</u></b>	<b><u>\$ 8,149,673</u></b>

The dependence upon general cash receipts for governmental activities is apparent; with 88.07% of cash disbursements supported through taxes and other general cash receipts during 2008.

**Governmental Activities - General and Program Cash Receipts**



**Business-Type Activities**

The Water and Sewer funds are the Village's two major enterprise funds. These programs had cash receipts of \$2,872,801 and cash disbursements of \$2,938,967 for fiscal year 2008. The net cash assets of the programs decreased \$66,166 from 2007. During 2008, these programs received proceeds of \$85,722 from OWDA loans.

**VILLAGE OF CANAL WINCHESTER, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**  
**UNAUDITED**

**Financial Analysis of the Government's Funds**

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

*Governmental Funds*

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

The Village's governmental funds reported a combined fund cash balance of \$3,104,590, which is \$270,483 lower than last year's total of \$3,375,073. The schedule below indicates the fund cash balance and the total change in fund cash balance as of December 31, 2008 and December 31, 2007, for all major and nonmajor governmental funds.

	<u>Fund Cash Balance</u> <u>December 31, 2008</u>	<u>Fund Cash Balance</u> <u>December 31, 2007</u>	<u>Increase/</u> <u>(Decrease)</u>
Major Funds:			
General	\$ 2,585,340	\$ 2,879,996	\$ (294,656)
Debt Service	1,216	(4,144)	5,360
Other Nonmajor Governmental Funds	<u>518,034</u>	<u>499,221</u>	<u>18,813</u>
Total	<u>\$ 3,104,590</u>	<u>\$ 3,375,073</u>	<u>\$ (270,483)</u>

*General Fund*

The general fund, the Village's largest major fund, had cash receipts and other financing receipts of \$8,275,996 in 2008. The cash disbursements and other financing disbursements of the general fund, totaled \$8,570,652 in 2008. The general fund's cash balance decreased \$294,656 from 2007 to 2008 directly related to a larger than original planned pay down on the debt for the Diley Road Reconstruction Project.

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

	<u>2008</u> <u>Amount</u>	<u>2007</u> <u>Amount</u>	<u>Increase</u>	<u>Percentage</u> <u>Change</u>
<b><u>Cash Receipts:</u></b>				
Taxes	\$ 4,605,310	\$ 4,514,974	\$ 90,336	2.00 %
Intergovernmental	350,897	525,968	(175,071)	(33.29) %
Special assessments	76,747	76,527	220	0.29 %
Charges for services	126,277	166,633	(40,356)	(24.22) %
Fines, licenses and permits	479,037	796,488	(317,451)	(39.86) %
Investment income	377,468	458,524	(81,056)	(17.68) %
Other	<u>60,260</u>	<u>97,833</u>	<u>(37,573)</u>	<u>(38.41) %</u>
Total	<u>\$ 6,075,996</u>	<u>\$ 6,636,947</u>	<u>\$ (560,951)</u>	<u>(8.45) %</u>

Taxes increased due to new businesses located in the Village including Meijer which opened a new store in February 2008. Intergovernmental receipts decreased as 2007 receipts included a grant from the Department of Natural Resources that was not repeated in 2008. Lower receipts in charges for services and fines, licenses and permits are directly related to the slow down of development in the Village related to residential housing construction. Investment Income decreased due to a decrease in interest rates in the market.

**VILLAGE OF CANAL WINCHESTER, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2008**  
**UNAUDITED**

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

	<u>2008</u> <u>Amount</u>	<u>2007</u> <u>Amount</u>	<u>Increase/ Decrease</u>	<u>Percentage Change</u>
<b><u>Cash Disbursements</u></b>				
Security of persons and property	\$ 896,463	\$ 876,485	\$ 19,978	2.28 %
Public health service	58,173	38,755	19,418	50.10 %
Leisure time activity	151,677	143,166	8,511	5.94 %
Community environment	607,354	567,025	40,329	7.11 %
Transportation	1,037,025	560,022	477,003	85.18 %
General government	1,626,516	1,481,228	145,288	9.81 %
Capital outlay	246,607	426,668	(180,061)	(42.20) %
Debt service	<u>2,605,955</u>	<u>-</u>	<u>2,605,955</u>	100.00 %
Total	<u>\$ 7,229,770</u>	<u>\$ 4,093,349</u>	<u>\$ 3,136,421</u>	76.62 %

Public health service increased due to Village participation with Canal Winchester Human Services program. Community environment costs increased due to expansion of the GIS program. Transportation expenditures increased due to more amounts spent on street maintenance and repair. Capital Outlay decreased as street projects moved from construction to maintenance and repair. Overall, cash disbursements increased \$3,136,421 from 2007 due primarily to \$2,605,955 in principal and interest payments on notes in 2008.

***Debt Service Fund***

The debt service fund, a Village major fund, had other financing receipts of \$4,370,132 in 2008. The debt service fund had cash disbursements of \$4,364,772 in 2008. The debt service fund cash balance increased \$5,360 from 2007 to 2008.

***Budgeting Highlights - General Fund***

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

For the general fund, final budgetary basis receipts of \$8,657,915 were \$2,500,000 more than original budget estimates. Actual cash receipts and other financing receipts of \$8,275,996 were less than final budget estimates by \$381,919. The final budgetary basis disbursements and other financing disbursements of \$9,896,640 were \$2,802,223 above original budget estimates. The actual budgetary basis disbursements and other financing disbursements of \$8,814,581 were \$1,082,059 less than the final budget estimates.

***Enterprise Funds***

The Village's enterprise funds reported a combined fund cash balance of \$6,135,090, which is \$86,476 above last year's total of \$6,048,614.

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The schedule below indicates the fund cash balance and the total change in fund cash balance as of December 31, 2008 and December 31, 2007, for all major and nonmajor enterprise funds:

	<u>Fund Cash Balance</u> <u>December 31, 2008</u>	<u>Fund Cash Balance</u> <u>December 31, 2007</u>	<u>Increase/</u> <u>(Decrease)</u>
Major Funds:			
Water	\$ 2,180,329	\$ 2,233,516	\$ (53,187)
Sewer	3,738,859	3,751,838	(12,979)
Other Nonmajor Business-Type Fund	<u>215,902</u>	<u>63,260</u>	<u>152,642</u>
Total	<u>\$ 6,135,090</u>	<u>\$ 6,048,614</u>	<u>\$ 86,476</u>

***Water Fund***

The water fund, a Village major fund, had operating cash receipts of \$1,277,831 and operating cash disbursements of \$916,186 during 2008. The water fund had \$63,755 in nonoperating cash receipts and \$478,587 in nonoperating cash disbursements during 2008. The water fund's net cash assets decreased \$53,187 during 2008 from \$2,233,516 to \$2,180,329.

***Sewer Fund***

The sewer fund, a Village major fund, had operating cash receipts of \$1,509,248 and operating cash disbursements of \$1,028,438 during 2008. The sewer fund had \$21,967 in non operating cash receipts and \$515,756 in nonoperating cash disbursements. The sewer fund's net cash assets decreased \$12,979 during 2008 from \$3,751,838 to \$3,738,859.

**Capital Assets and Debt Administration**

***Capital Assets***

The Village does not record capital assets in the accompanying cash basis basic financial statements, but records payments for capital assets as disbursements. The Village had capital outlay disbursements of \$1,831,112 during fiscal year 2008.

***Debt Administration***

The Village had the following long-term obligations outstanding at December 31, 2008 and 2007.

	<u>Governmental</u> <u>Activities</u> <u>2008</u>	<u>Governmental</u> <u>Activities</u> <u>2007</u>
G.O. Bonds	\$ 7,790,000	\$ 5,645,000
Bond anticipation notes	-	2,500,000
OPWC loans	<u>2,511,519</u>	<u>2,168,904</u>
Total long-term obligations	<u>\$ 10,301,519</u>	<u>\$ 10,313,904</u>

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	Business-Type Activities <u>2008</u>	Business-Type Activities <u>2007</u>
Mortgage revenue bonds	\$ 4,800,000	\$ 5,020,000
OPWC loans	234,115	252,345
OWDA loans	<u>5,339,513</u>	<u>5,472,496</u>
Total long-term obligations	<u>\$ 10,373,628</u>	<u>\$ 10,744,841</u>

**Economic Factors and Next Year's Budget and Rates**

The following economic factors were taken into consideration in preparing the budget for fiscal year 2009:

The Village is located in Franklin County, Ohio, which has an unemployment rate currently of 3.2 % in January 2009, compared to the 5% state average and the 5.4 % national average.

State funding is uncertain due to budgetary shortfalls at the State level. It appears Local Government Revenue and Local Government Revenue Assistance Funds will continue to be a target for the State of Ohio budgetary shortfalls. These funds represented 3.16% of the Village's general fund revenue in 2008. Property tax revenues are expected to remain consistent as well as expenditures for fiscal year 2009.

These economic factors were considered in preparing the Village's budget for fiscal year 2009. Budgeted revenues and other financing sources in the general fund for fiscal year 2009 are \$6,534,640. The Village has continued to practice conservative budgetary practices in order to preserve a positive financial position in future years.

**VILLAGE OF CANAL WINCHESTER, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**

The management's discussion and analysis of the Village of Canal Winchester's (the "Village") financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2007, within the limitations of the Village's cash basis of accounting. The intent of this discussion and analysis is to look at the Village's financial performance as a whole; readers should also review the cash-basis basic financial statements and the notes to the financial statements to enhance their understanding of the Village's financial performance.

**Financial Highlights**

Key financial highlights for 2007 are as follows:

- The total net cash assets of the Village increased \$1,403,523. Net cash assets of governmental activities increased \$12,530, which represents a 0.37% increase over fiscal year 2006. Net cash assets of business-type activities increased \$1,390,993 or 29.86% from fiscal year 2006.
- General cash receipts accounted for \$8,162,203 or 62.14% of total governmental activities cash receipts. Program specific cash receipts accounted for \$4,972,617 or 37.86% of total governmental activities cash receipts.
- The Village had \$13,122,290 in cash disbursements related to governmental activities; \$4,972,617 of these cash disbursements were offset by program specific charges for services, grants or contributions. General cash receipts (primarily taxes) of \$8,162,203 were adequate to provide for these programs.
- The Village's major governmental funds are the general fund and the Issue II fund. The general fund, the Village's largest major fund, had cash receipts and other financing sources of \$6,639,694 in 2007. The cash disbursements and other financing uses of the general fund, totaled \$5,392,556 in 2007. The general fund's cash balance increased \$1,247,138 from 2006 to 2007.
- The Issue II fund, a Village major fund, had cash receipts and other financing sources of \$6,072,595 in 2007. The issue II fund had cash disbursements of \$7,374,703 in 2007. The issue II fund cash balance decreased \$1,302,108 from 2006 to 2007.
- The Village's major business-type activities funds are the water fund and the sewer fund. Net cash assets for the water fund increased in 2007 by \$478,326 or 27.25%. The net cash assets for the sewer fund increased in 2007 by \$867,112 or 30.06%.

**Using these Cash Basis Basic Financial Statements (BFS)**

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

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

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**Reporting the Village as a Whole**

*Statement of Net Assets and the Statement of Activities*

The Statement of Net Assets – Cash Basis and the Statement of Activities – Cash Basis answer the question, How did we do financially during 2007? These statements include *only net assets* using the *cash basis of accounting*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This basis of accounting takes into account only the current year's receipts and disbursements if the cash is actually received or paid.

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

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not collected) and liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

In the Statement of Net Assets – Cash Basis and the Statement of Activities – Cash Basis, the Village is divided into two distinct kinds of activities. Governmental Activities - Most of the Village's programs and services are reported here including human services, health, public safety, public works and general government. Business-Type Activities - These services are provided on a charge for goods or services basis to recover all of the cash disbursements of the goods or services provided. The Village's water, sewer, OWDA and storm water enterprise funds are reported as business activities

The Statement of Net Assets – Cash Basis and the Statement of Activities.

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

*Fund Financial Statements*

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

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

**VILLAGE OF CANAL WINCHESTER, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
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*Governmental Funds*

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

The Village's budgetary process accounts for certain transactions on a cash basis. The budgetary statement for the General Fund is presented to demonstrate the Village's compliance with annually adopted budgets.

*Proprietary Funds*

The Village maintains one type of proprietary fund. Enterprise funds use the same basis of accounting (cash basis) as governmental fund activities; therefore, these statements will essentially match the information provided in statements for the Village as a whole. The Village uses enterprise funds to account for its water, sewer, OWDA and storm water operations.

*Fiduciary Funds*

Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Village's own programs. The Village's only fiduciary fund is an agency fund.

*Notes to the Financial Statements*

The notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements. See the notes to the financial statements.

**VILLAGE OF CANAL WINCHESTER, OHIO**  
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**Government-Wide Financial Analysis**

Recall that the Statement of Net Assets – Cash Basis provides the perspective of the Village as a whole.

The table below provides a summary of the Village's net cash assets at December 31, 2007 and 2006.

	Net Cash Assets					
	Governmental Activities	Business-type Activities	Governmental Activities	Business-type Activities	Total	Total
	2007	2007	2006	2006	2007	2006
<u>Assets</u>						
Equity in pooled cash and cash equivalents	\$ 3,375,073	\$ 6,048,614	\$ 3,362,543	\$ 4,657,621	\$ 9,423,687	\$ 8,020,164
Total assets	3,375,073	6,048,614	3,362,543	4,657,621	9,423,687	8,020,164
<u>Net cash assets</u>						
Restricted	499,221	-	1,729,112	-	499,221	1,729,112
Unrestricted	2,875,852	6,048,614	1,633,431	4,657,621	8,924,466	6,291,052
Total net cash assets	\$ 3,375,073	\$ 6,048,614	\$ 3,362,543	\$ 4,657,621	\$ 9,423,687	\$ 8,020,164

**The total net cash assets of the Village increased \$1,403,523. Net cash assets of governmental activities increased \$12,530, which represents a 0.37% increase over fiscal year 2006. Net cash assets of business-type activities increased \$1,390,993 or 29.86% from fiscal year 2006.**

**The balance of government-wide unrestricted net cash assets of \$8,924,466 may be used to meet the government's ongoing obligations to citizens and creditors.**

**VILLAGE OF CANAL WINCHESTER, OHIO**  
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The table below shows the changes in net cash assets for fiscal year 2007 and 2006.

	Change in Net Cash Assets					
	Governmental	Business-type	Governmental	Business-type	2007	2006
	Activities	Activities	Activities	Activities	Total	Total
	2007	2007	2006	2006		
<b>Cash Receipts:</b>						
Program cash receipts:						
Charges for services and sales	\$ 1,047,967	\$ 4,068,611	\$ 839,578	\$ 3,689,179	\$ 5,116,578	\$ 4,528,757
Operating grants and contributions	352,055	-	392,186	-	352,055	392,186
Capital grants and contributions	<u>3,572,595</u>	<u>477,900</u>	<u>1,700,518</u>	<u>-</u>	<u>4,050,495</u>	<u>1,700,518</u>
Total program cash receipts	<u>4,972,617</u>	<u>4,546,511</u>	<u>2,932,282</u>	<u>3,689,179</u>	<u>9,519,128</u>	<u>6,621,461</u>
General cash receipts:						
Property and other taxes	450,520	-	461,083	-	450,520	461,083
Income tax	4,119,825	-	4,066,770	-	4,119,825	4,066,770
Unrestricted grants	525,968	-	402,704	-	525,968	402,704
Sale of assets	2,747	-	-	-	2,747	-
Sale of notes	2,500,000	-	2,500,000	3,700,000	2,500,000	6,200,000
OWDA loans	-	3,144,049	-	-	3,144,049	-
EPA loan	-	-	281,011	989,991	-	1,271,002
Investment earnings	458,524	-	76,673	59,800	458,524	136,473
Other	<u>104,619</u>	<u>81,946</u>	<u>-</u>	<u>53,509</u>	<u>186,565</u>	<u>53,509</u>
Total general cash receipts	<u>8,162,203</u>	<u>3,225,995</u>	<u>7,788,241</u>	<u>4,803,300</u>	<u>11,388,198</u>	<u>12,591,541</u>
Total cash receipts	<u>13,134,820</u>	<u>7,772,506</u>	<u>10,720,523</u>	<u>8,492,479</u>	<u>20,907,326</u>	<u>19,213,002</u>
<b>Cash Disbursements:</b>						
Security of persons and property	876,485	-	825,816	-	876,485	825,816
Public health services	38,755	-	37,118	-	38,755	37,118
Leisure time activities	367,295	-	463,032	-	367,295	463,032
Community environment	567,025	-	582,628	-	567,025	582,628
Transportation	1,153,026	-	1,098,815	-	1,153,026	1,098,815
General government	1,481,497	-	1,439,017	-	1,481,497	1,439,017
Capital outlay	5,240,795	-	3,158,221	-	5,240,795	3,158,221
Debt service:						
Principal retirement	2,998,777	-	483,959	-	2,998,777	483,959
Interest and fiscal charges	398,635	-	284,176	-	398,635	284,176
Water	-	4,895,607	-	6,172,613	4,895,607	6,172,613
Sewer	-	1,441,034	-	2,222,276	1,441,034	2,222,276
Storm water	<u>-</u>	<u>44,872</u>	<u>-</u>	<u>34,465</u>	<u>44,872</u>	<u>34,465</u>
Total cash disbursements	<u>13,122,290</u>	<u>6,381,513</u>	<u>8,372,782</u>	<u>8,429,354</u>	<u>19,503,803</u>	<u>16,802,136</u>
Transfers	<u>-</u>	<u>-</u>	<u>(13,884)</u>	<u>13,884</u>	<u>-</u>	<u>-</u>
Change in net cash assets	12,530	1,390,993	2,333,857	77,009	1,403,523	2,410,866
Net cash assets at beginning of year	<u>3,362,543</u>	<u>4,657,621</u>	<u>1,028,686</u>	<u>4,580,612</u>	<u>8,020,164</u>	<u>5,609,298</u>
Net cash assets at end of year	<u>\$ 3,375,073</u>	<u>\$ 6,048,614</u>	<u>\$ 3,362,543</u>	<u>\$ 4,657,621</u>	<u>\$ 9,423,687</u>	<u>\$ 8,020,164</u>

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**Governmental Activities**

Governmental cash assets increased by \$12,530 in 2007 from 2006.

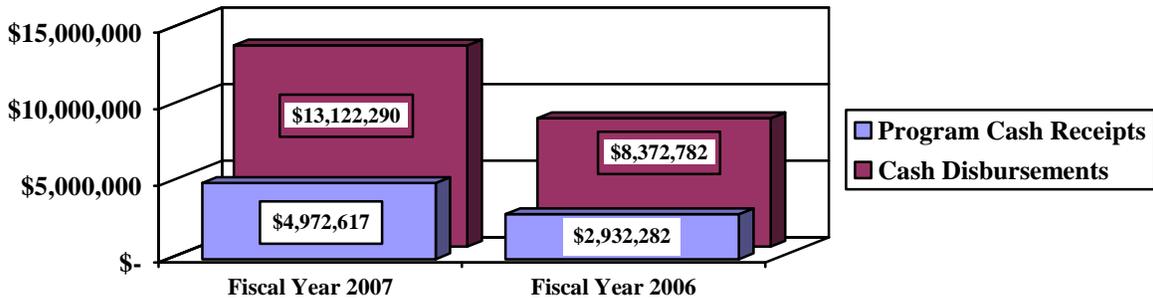
General government represents activities related to the governing body as well as activities that directly support Village programs. In 2007, general government cash disbursements totaled \$1,481,497, or 11.29% of total governmental cash disbursements. General government programs were supported by \$414,211 in direct charges to users for services.

Capital outlay represents activities relating to construction projects within the Village. During 2007, capital outlay cash disbursements totaled \$5,240,795, or 39.94% of total governmental cash disbursements. Capital outlay was supported primarily by \$3,572,595 in capital grants.

The Village program, transportation, accounted for \$1,153,026 or 8.79% of total governmental cash disbursements. Transportation service programs are primarily supported by user fees, and state and federal grants.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2007 and 2006. That is, it identifies the cost of these services supported by tax receipts and unrestricted state grants and entitlements.

**Governmental Activities – Program Cash Receipts vs. Total Cash Disbursements**



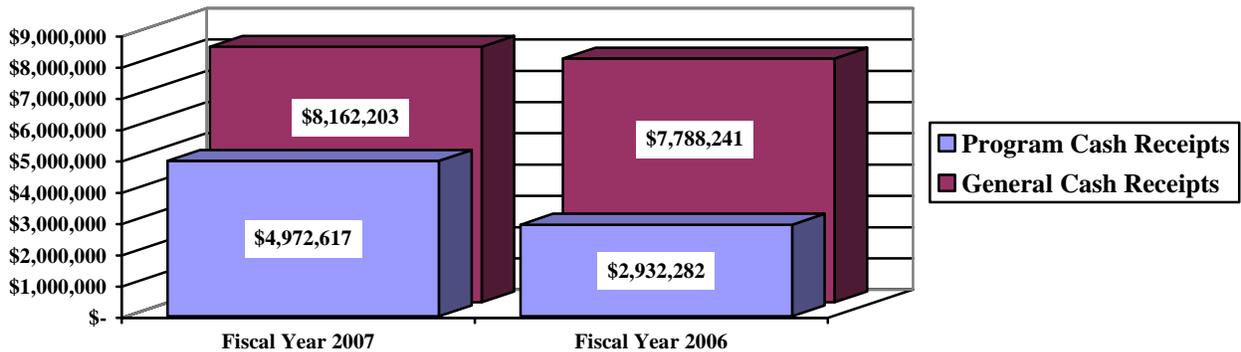
**VILLAGE OF CANAL WINCHESTER, OHIO**  
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The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

<b>Governmental Activities</b>				
	Total Cost of Services <u>2007</u>	Net Cost of Services <u>2007</u>	Total Cost of Services <u>2006</u>	Net Cost of Services <u>2006</u>
<b>Cash disbursements:</b>				
<b>Current:</b>				
Security of persons and property	\$ 876,485	\$ 876,485	\$ 825,816	\$ 825,816
Public health services	38,755	38,755	37,118	37,118
Leisure time activities	367,295	200,291	463,032	336,057
Community environment	567,025	191,422	582,628	329,428
Transportation	1,153,026	773,151	1,098,815	624,387
General government	1,481,497	1,044,191	1,439,017	1,075,480
Capital outlay	5,240,795	1,627,966	3,158,221	1,444,079
<b>Debt service:</b>				
Principal retirement	2,998,777	2,998,777	483,959	483,959
Interest and fiscal charges	398,635	398,635	284,176	284,176
<b>Total</b>	<u>\$ 13,122,290</u>	<u>\$ 8,149,673</u>	<u>\$ 8,372,782</u>	<u>\$ 5,440,500</u>

The dependence upon general cash receipts for governmental activities is apparent; with 62.11% of cash disbursements supported through taxes and other general cash receipts during 2007.

**Governmental Activities - General and Program Cash Receipts**



**Business-Type Activities**

The Water and Sewer funds are the Village's two major enterprise funds. These programs had cash receipts of \$7,682,079 and cash disbursements of \$6,336,641 for fiscal year 2007. The net cash assets of the programs increased \$1,345,438 from 2006. During 2007, the Water fund received proceeds of \$3,144,049 from OWDA loans and \$477,900 an EPA grant.

**VILLAGE OF CANAL WINCHESTER, OHIO**  
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**Financial Analysis of the Government's Funds**

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

*Governmental Funds*

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

The Village's governmental funds reported a combined fund cash balance of \$3,375,073, which is \$12,530 above last year's total of \$3,362,543. The schedule below indicates the fund cash balance and the total change in fund cash balance as of December 31, 2007 and December 31, 2006, for all major and nonmajor governmental funds.

	<u>Fund Cash Balance</u> <u>December 31, 2007</u>	<u>Fund Cash Balance</u> <u>December 31, 2006</u>	<u>Increase/</u> <u>(Decrease)</u>
Major Funds:			
General	\$ 2,879,996	\$ 1,632,858	\$ 1,247,138
Issue II	26,652	1,328,760	(1,302,108)
Other Nonmajor Governmental Funds	<u>468,425</u>	<u>400,925</u>	<u>67,500</u>
Total	<u>\$ 3,375,073</u>	<u>\$ 3,362,543</u>	<u>\$ 12,530</u>

*General Fund*

The general fund, the Village's largest major fund, had cash receipts and other financing sources of \$6,639,694 in 2007. The cash disbursements and other financing uses of the general fund, totaled \$5,392,556 in 2007. The general fund's cash balance increased \$1,247,138 from 2006 to 2007.

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

	<u>2007</u> <u>Amount</u>	<u>2006</u> <u>Amount</u>	<u>Increase</u>	<u>Percentage</u> <u>Change</u>
<b><u>Cash Receipts:</u></b>				
Taxes	\$ 4,514,974	\$ 4,478,224	\$ 36,750	0.82 %
Intergovernmental	525,968	402,704	123,264	30.61 %
Special assessments	76,527	70,243	6,284	8.95 %
Charges for services	166,633	129,353	37,280	28.82 %
Fines, licenses and permits	796,488	622,291	174,197	27.99 %
Investment income	458,524	281,011	177,513	63.17 %
Other	<u>97,833</u>	<u>70,898</u>	<u>26,935</u>	37.99 %
Total	<u>\$ 6,636,947</u>	<u>\$ 6,054,724</u>	<u>\$ 582,223</u>	9.62 %

Investment income cash receipts increased due to higher interest earning investments and due to the timing of the maturity of certain investments. Charges for services increased due to more fees being generated when compared to 2006. Taxes increased due to an increase in the income tax within the Village due to new or expanded businesses located in the Village. Intergovernmental revenue increased due to an increase in the money that was received from grants as well as a change made by the State of Ohio in how funds are distributed. Fines, licenses and permits increased due to the type of construction taking place requiring building permits, inspections, and zoning fees assessed.

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

	<u>2007</u> <u>Amount</u>	<u>2006</u> <u>Amount</u>	<u>Increase/</u> <u>Decrease</u>	<u>Percentage</u> <u>Change</u>
<b><u>Cash Disbursements</u></b>				
Security of persons and property	\$ 876,485	\$ 825,816	\$ 50,669	6.14 %
Public health service	38,755	37,118	1,637	4.41 %
Leisure time activity	143,166	261,649	(118,483)	(45.28) %
Community environment	567,025	582,628	(15,603)	(2.68) %
Transportation	560,022	527,927	32,095	6.08 %
General government	1,481,228	1,437,314	43,914	3.06 %
Capital outlay	<u>426,668</u>	<u>243,740</u>	<u>182,928</u>	75.05 %
Total	<u>\$ 4,093,349</u>	<u>\$ 3,916,192</u>	<u>\$ 177,157</u>	4.52 %

Leisure time activity expenditures decreased due to less amounts spent on parks and the swimming pool. Transportation expenditures increased due to more amounts spent on street maintenance and repair. Capital outlay expenditures increased due to more capital asset acquisitions during the year. Overall, cash disbursements increased \$177,157 from 2006.

***Issue II Fund***

The Issue II fund, a Village major fund, had cash receipts and other financing sources of \$6,072,595 in 2007. The Issue II fund had cash disbursements of \$7,374,703 in 2007. The Issue II fund cash balance decreased \$1,302,108 from 2006 to 2007.

***Budgeting Highlights - General Fund***

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

For the general fund, final budgetary basis receipts of \$5,927,929 were \$11,808 below original budget estimates. Actual cash receipts and other financing sources of \$6,639,695 were greater than final budget estimates by \$711,766. The final budgetary basis disbursements and other financing uses of \$6,397,016 were \$292,423 above original budget estimates. The actual budgetary basis disbursements and other financing uses of \$5,683,812 were \$713,204 less than the final budget estimates.

***Enterprise Funds***

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

The Village's enterprise funds reported a combined fund cash balance of \$6,048,614, which is \$1,390,993 above last year's total of \$4,657,621.

**VILLAGE OF CANAL WINCHESTER, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**  
**UNAUDITED**

The schedule below indicates the fund cash balance and the total change in fund cash balance as of December 31, 2007 and December 31, 2006, for all major and nonmajor enterprise funds:

	<u>Fund Cash Balance</u> <u>December 31, 2007</u>	<u>Fund Cash Balance</u> <u>December 31, 2006</u>	<u>Increase/</u> <u>(Decrease)</u>
Major Funds:			
Water	\$ 2,233,516	\$ 1,755,190	\$ 478,326
Sewer	3,751,838	2,884,726	867,112
Other Nonmajor Business-Type Fund	<u>63,260</u>	<u>17,705</u>	<u>45,555</u>
Total	<u>\$ 6,048,614</u>	<u>\$ 4,657,621</u>	<u>\$ 1,390,993</u>

***Water Fund***

The water fund, a Village major fund, had operating cash receipts of \$1,751,984 and operating cash disbursements of \$4,543,950 during 2007. The water fund had \$3,621,949 in nonoperating cash receipts and \$351,657 in nonoperating cash disbursements during 2007. The water fund's net cash assets increased \$478,326 during 2007 from \$1,755,190 to \$2,233,516.

***Sewer Fund***

The sewer fund, a Village major fund, had operating cash receipts of \$2,308,146 and operating cash disbursements of \$888,524 during 2007. The sewer fund had \$552,510 in nonoperating cash disbursements. The water fund's net cash assets increased \$867,112 during 2007 from \$2,884,726 to \$36,751,838.

**Capital Assets and Debt Administration**

***Capital Assets***

The Village does not record capital assets in the accompanying cash basis basic financial statements, but records payments for capital assets as disbursements. The Village had capital outlay disbursements of \$9,048,772 during fiscal year 2007.

***Debt Administration***

The Village had the following long-term obligations outstanding at December 31, 2007 and 2006. The balance at December 31, 2006 has been restated to include OWDA loan #4523 that was not included previously.

	<u>Governmental</u> <u>Activities</u> <u>2007</u>	<u>Governmental</u> <u>Activities</u> <u>2006</u>
G.O. Bonds	\$ 5,645,000	\$ 6,005,000
Bond anticipation notes	2,500,000	2,500,000
OPWC loans	<u>2,168,904</u>	<u>2,307,681</u>
Total long-term obligations	<u>\$ 10,313,904</u>	<u>\$ 10,812,681</u>

**VILLAGE OF CANAL WINCHESTER, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2007**  
**UNAUDITED**

	Business-Type Activities <u>2007</u>	Restated Business-Type Activities <u>2006</u>
Mortgage revenue bonds	\$ 5,020,000	\$ 5,235,000
EPA loan	-	989,991
OPWC loans	252,345	270,171
OWDA loans	<u>5,472,496</u>	<u>2,632,063</u>
Total long-term obligations	<u>\$ 10,744,841</u>	<u>\$ 9,127,225</u>

**Economic Factors and Next Year's Budgets and Rates**

The following economic factors were taken into consideration in preparing the budget for fiscal year 2008:

The Village is located in Franklin County, Ohio, which has an unemployment rate currently of 4.7 %, compared to the 6% state average and the 5 % national average.

State funding is uncertain due to budgetary shortfalls at the State level. It appears Local Government Revenue and Local Government Revenue Assistance Funds will continue to be a target for the State of Ohio budgetary shortfalls. These funds represented 3.47% of the Village's general fund revenue in 2007. Property tax revenues are expected to remain consistent as well as expenditures for fiscal year 2008.

These economic factors were considered in preparing the Village's budget for fiscal year 2008. Budgeted revenues and other financing sources in the general fund for fiscal year 2008 are \$6,152,175. The Village has continued to practice conservative budgetary practices in order to preserve a positive financial position in future years.

**Contacting the Village's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Ms. Nanisa Osborn, Finance Director, Village of Canal Winchester, 36 South High Street, Canal Winchester, Ohio 43110-1213.

**Village of Canal Winchester  
Statement of Net Assets – Cash Basis  
December 31, 2008 and 2007**

	<b>2008</b>			<b>2007</b>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Assets:</b>						
Equity in pooled cash and cash equivalents	<u>\$ 3,104,590</u>	<u>\$ 6,135,090</u>	<u>\$ 9,239,680</u>	<u>\$ 3,375,073</u>	<u>\$ 6,048,614</u>	<u>\$ 9,423,687</u>
<b>Total assets</b>	<u>3,104,590</u>	<u>6,135,090</u>	<u>9,239,680</u>	<u>3,375,073</u>	<u>6,048,614</u>	<u>9,423,687</u>
<b>Net cash assets:</b>						
<b>Restricted for:</b>						
Leisure time activities	57,238	-	57,238	70,198	-	70,198
Transportation	364,507	-	364,507	336,437	-	336,437
General government	26,599	-	26,599	23,887	-	23,887
Other purposes	32,970	-	32,970	18,952	-	18,952
Debt service	1,216	-	1,216	-	-	-
Capital projects	36,720	-	36,720	49,747	-	49,747
Unrestricted	<u>2,585,340</u>	<u>6,135,090</u>	<u>8,720,430</u>	<u>2,875,852</u>	<u>6,048,614</u>	<u>8,924,466</u>
<b>Total net cash assets</b>	<u>\$ 3,104,590</u>	<u>\$ 6,135,090</u>	<u>\$ 9,239,680</u>	<u>\$ 3,375,073</u>	<u>\$ 6,048,614</u>	<u>\$ 9,423,687</u>

See Accompanying Notes to the Basic Financial Statements

**Village of Canal Winchester  
Statement of Activities – Cash Basis  
Year Ended December 31, 2008**

	Program Cash Receipts				Net (Cash Disbursements) Cash Receipts and Changes in Net Cash Assets		
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental activities:</b>							
<b>Current:</b>							
Security of persons and property	\$ 896,463	\$ -	\$ -	\$ -	\$ (896,463)	\$ -	\$ (896,463)
Public health services	58,173	-	-	-	(58,173)	-	(58,173)
Leisure time activities	392,356	132,404	-	-	(259,952)	-	(259,952)
Community environment	607,354	144,626	-	-	(462,728)	-	(462,728)
Transportation	1,655,683	78,899	290,072	-	(1,286,712)	-	(1,286,712)
General government	1,626,516	334,479	13,625	-	(1,278,412)	-	(1,278,412)
Capital outlay	1,386,530	185	32,213	594,938	(759,194)	-	(759,194)
<b>Debt service:</b>							
Principal retirement	3,033,385	-	-	-	(3,033,385)	-	(3,033,385)
Interest and fiscal charges	347,344	-	-	-	(347,344)	-	(347,344)
Bond issue cost	147,617	-	-	-	(147,617)	-	(147,617)
Discount on sale of bonds	9,239	-	-	-	(9,239)	-	(9,239)
Payment to bond escrow agent	3,433,142	-	-	-	(3,433,142)	-	(3,433,142)
<b>Total governmental activities</b>	<b>13,593,802</b>	<b>690,593</b>	<b>335,910</b>	<b>594,938</b>	<b>(11,972,361)</b>	<b>-</b>	<b>(11,972,361)</b>
<b>Business-Type activities:</b>							
Water	1,394,773	1,182,963	-	-	-	(211,810)	(211,810)
Sewer	1,544,194	1,508,015	-	-	-	(36,179)	(36,179)
<b>Other enterprise fund:</b>							
Storm Water	60,990	213,632	-	-	-	152,642	152,642
<b>Total business-type activities</b>	<b>2,999,957</b>	<b>2,904,610</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(95,347)</b>	<b>(95,347)</b>
<b>Totals</b>	<b>\$ 16,593,759</b>	<b>\$ 3,595,203</b>	<b>\$ 335,910</b>	<b>\$ 594,938</b>	<b>(11,972,361)</b>	<b>(95,347)</b>	<b>(12,067,708)</b>
<b>General Cash Receipts and Transfers:</b>							
<b>Property and other taxes levied for:</b>							
General purposes					415,077	-	415,077
Special revenue					48,669	-	48,669
Income taxes					4,190,233	-	4,190,233
Grants and entitlements not restricted to specific programs					350,897	-	350,897
Sale of bonds					5,790,000	-	5,790,000
Loans					456,000	85,722	541,722
Investment receipts					381,841	-	381,841
Miscellaneous					69,161	96,101	165,262
<b>Total general cash receipts</b>					<b>11,701,878</b>	<b>181,823</b>	<b>11,883,701</b>
<b>Change in net cash assets</b>					<b>(270,483)</b>	<b>86,476</b>	<b>(184,007)</b>
<b>Net cash assets beginning of year</b>					<b>3,375,073</b>	<b>6,048,614</b>	<b>9,423,687</b>
<b>Net cash assets at end of year</b>					<b>\$ 3,104,590</b>	<b>\$ 6,135,090</b>	<b>\$ 9,239,680</b>

See Accompanying Notes to the Basic Financial Statements

**Village of Canal Winchester  
Statement of Activities – Cash Basis  
Year Ended December 31, 2007**

	Program Cash Receipts				Net (Cash Disbursements) Cash Receipts and Changes in Net Cash Assets		
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental activities:</b>							
<b>Current:</b>							
Security of persons and property	\$ 876,485	\$ -	\$ -	\$ -	\$ (876,485)	\$ -	\$ (876,485)
Public health services	38,755	-	-	-	(38,755)	-	(38,755)
Leisure time activities	367,295	167,004	-	-	(200,291)	-	(200,291)
Community environment	567,025	375,603	-	-	(191,422)	-	(191,422)
Transportation	1,153,026	91,020	288,855	-	(773,151)	-	(773,151)
General government	1,481,497	414,211	23,095	-	(1,044,191)	-	(1,044,191)
Capital outlay	5,240,795	129	40,105	3,572,595	(1,627,966)	-	(1,627,966)
<b>Debt service:</b>							
Principal retirement	2,998,777	-	-	-	(2,998,777)	-	(2,998,777)
Interest and fiscal charges	398,635	-	-	-	(398,635)	-	(398,635)
<b>Total governmental activities</b>	<u>13,122,290</u>	<u>1,047,967</u>	<u>352,055</u>	<u>3,572,595</u>	<u>(8,149,673)</u>	<u>-</u>	<u>(8,149,673)</u>
<b>Business-Type activities:</b>							
Water	4,895,607	1,674,889	-	477,900	-	(2,742,818)	(2,742,818)
Sewer	1,441,034	2,303,295	-	-	-	862,261	862,261
<b>Other enterprise fund:</b>							
Storm Water	44,872	90,427	-	-	-	45,555	45,555
<b>Total business-type activities</b>	<u>6,381,513</u>	<u>4,068,611</u>	<u>-</u>	<u>477,900</u>	<u>-</u>	<u>(1,835,002)</u>	<u>(1,835,002)</u>
<b>Totals</b>	<u>\$ 19,503,803</u>	<u>\$ 5,116,578</u>	<u>\$ 352,055</u>	<u>\$ 4,050,495</u>	<u>(8,149,673)</u>	<u>(1,835,002)</u>	<u>(9,984,675)</u>
<b>General Cash Receipts and Transfers:</b>							
<b>Property and other taxes levied for:</b>							
General purposes					395,149	-	395,149
Special revenue					55,371	-	55,371
Income taxes					4,119,825	-	4,119,825
Grants and entitlements not restricted to specific programs					525,968	-	525,968
Sale of assets					2,747	-	2,747
Sale of notes					2,500,000	-	2,500,000
OWDA loans					-	3,144,049	3,144,049
Investment receipts					458,524	-	458,524
Miscellaneous					104,619	81,946	186,565
<b>Total general cash receipts</b>					<u>8,162,203</u>	<u>3,225,995</u>	<u>11,388,198</u>
<b>Change in net cash assets</b>					<u>12,530</u>	<u>1,390,993</u>	<u>1,403,523</u>
<b>Net cash assets at beginning of year</b>					<u>3,362,543</u>	<u>4,657,621</u>	<u>8,020,164</u>
<b>Net cash assets at end of year</b>					<u>\$ 3,375,073</u>	<u>\$ 6,048,614</u>	<u>\$ 9,423,687</u>

See Accompanying Notes to the Basic Financial Statements

**Village of Canal Winchester  
Statements of Assets and Fund Cash Balance  
Governmental Funds  
December 31, 2008 and 2007**

	2008				2007			
	General	Debt Service	Other Governmental Funds	Total Governmental Funds	General	Issue II	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>								
Equity in pooled cash and cash equivalents	\$ 2,585,340	\$ 1,216	\$ 518,034	\$ 3,104,590	\$ 2,879,996	\$ 26,652	\$ 468,425	\$ 3,375,073
<b>Total assets</b>	<b>\$ 2,585,340</b>	<b>\$ 1,216</b>	<b>\$ 518,034</b>	<b>\$ 3,104,590</b>	<b>\$ 2,879,996</b>	<b>\$ 26,652</b>	<b>\$ 468,425</b>	<b>\$ 3,375,073</b>
<b>Fund cash balances:</b>								
Reserved for encumbrances	\$ 243,929	\$ -	\$ 155,129	\$ 399,058	\$ 291,255	\$ 3,000	\$ 6,660	\$ 300,915
Unreserved, undesignated (deficit), reported in:								
General fund	2,341,411	-	-	2,341,411	2,588,741	-	-	2,588,741
Special revenue funds	-	-	375,405	375,405	-	-	442,814	442,814
Debt service funds	-	1,216	-	1,216	-	-	(4,144)	(4,144)
Capital projects fund	-	-	(12,500)	(12,500)	-	23,652	23,095	46,747
<b>Total fund cash balances</b>	<b>\$ 2,585,340</b>	<b>\$ 1,216</b>	<b>\$ 518,034</b>	<b>\$ 3,104,590</b>	<b>\$ 2,879,996</b>	<b>\$ 26,652</b>	<b>\$ 468,425</b>	<b>\$ 3,375,073</b>

See Accompanying Notes to the Basic Financial Statements

**Village of Canal Winchester**  
**Statements of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances**  
**Governmental Funds**  
**For the Years Ended December 31, 2008 and 2007**

	2008				2007			
	General	Debt Service	Other Governmental Funds	Total Governmental Funds	General	Issue II	Other Governmental Funds	Total Governmental Funds
	<b>Cash receipts:</b>							
Taxes	\$ 4,605,310	\$ -	\$ 48,669	\$ 4,653,979	\$ 4,514,974	\$ -	\$ 55,371	\$ 4,570,345
Intergovernmental	350,897	-	917,223	1,268,120	525,968	3,572,595	322,270	4,420,833
Special assessments	76,747	-	-	76,747	76,527	-	-	76,527
Charges for services	126,277	-	-	126,277	166,633	-	-	166,633
Fines, licenses and permits	479,037	-	3,862	482,899	796,488	-	5,429	801,917
Interest	377,468	-	4,373	381,841	458,524	-	6,690	465,214
Rental income	-	-	4,670	4,670	-	-	2,890	2,890
Contributions and donations	-	-	13,625	13,625	-	-	23,095	23,095
Other	60,260	-	8,901	69,161	97,833	-	6,786	104,619
<b>Total cash receipts</b>	<b>6,075,996</b>	<b>-</b>	<b>1,001,323</b>	<b>7,077,319</b>	<b>6,636,947</b>	<b>3,572,595</b>	<b>422,531</b>	<b>10,632,073</b>
<b>Cash disbursements:</b>								
<b>Current:</b>								
Security of persons and property	896,463	-	-	896,463	876,485	-	-	876,485
Public health services	58,173	-	-	58,173	38,755	-	-	38,755
Leisure time activities	151,677	-	240,679	392,356	143,166	-	224,129	367,295
Community environment	607,354	-	-	607,354	567,025	-	-	567,025
Transportation	1,037,025	-	618,658	1,655,683	560,022	-	593,004	1,153,026
General government	1,626,516	-	-	1,626,516	1,481,228	-	269	1,481,497
Capital outlay	246,607	-	1,139,923	1,386,530	426,668	4,762,533	51,594	5,240,795
<b>Debt service:</b>								
Principal retirement	2,500,000	533,385	-	3,033,385	-	2,500,000	498,777	2,998,777
Interest and fiscal charges	105,955	241,389	-	347,344	-	112,170	286,465	398,635
Bond issue costs	-	147,617	-	147,617	-	-	-	-
Discount on sale of bonds	-	9,239	-	9,239	-	-	-	-
Payment to bond escrow agent	-	3,433,142	-	3,433,142	-	-	-	-
<b>Total cash disbursements</b>	<b>7,229,770</b>	<b>4,364,772</b>	<b>1,999,260</b>	<b>13,593,802</b>	<b>4,093,349</b>	<b>7,374,703</b>	<b>1,654,238</b>	<b>13,122,290</b>
<b>Excess of cash receipts over (under) cash disbursements</b>	<b>(1,153,774)</b>	<b>(4,364,772)</b>	<b>(997,937)</b>	<b>(6,516,483)</b>	<b>2,543,598</b>	<b>(3,802,108)</b>	<b>(1,231,707)</b>	<b>(2,490,217)</b>
<b>Other financing receipts (disbursements):</b>								
Sale of notes	2,200,000	3,590,000	-	5,790,000	2,747	-	-	2,747
Loans	-	-	456,000	456,000	-	2,500,000	-	2,500,000
Transfers in	-	780,132	560,750	1,340,882	-	-	1,299,207	1,299,207
Transfers out	(1,340,882)	-	-	(1,340,882)	(1,299,207)	-	-	(1,299,207)
<b>Total other financing receipts (disbursements)</b>	<b>859,118</b>	<b>4,370,132</b>	<b>1,016,750</b>	<b>6,246,000</b>	<b>(1,296,460)</b>	<b>2,500,000</b>	<b>1,299,207</b>	<b>2,502,747</b>
<b>Net change in fund cash balances</b>	<b>(294,656)</b>	<b>5,360</b>	<b>18,813</b>	<b>(270,483)</b>	<b>1,247,138</b>	<b>(1,302,108)</b>	<b>67,500</b>	<b>12,530</b>
<b>Net cash assets beginning of year - restated</b>	<b>2,879,996</b>	<b>(4,144)</b>	<b>499,221</b>	<b>3,375,073</b>	<b>1,632,858</b>	<b>1,328,760</b>	<b>400,925</b>	<b>3,362,543</b>
<b>Fund cash balances at end of year</b>	<b>\$ 2,585,340</b>	<b>\$ 1,216</b>	<b>\$ 518,034</b>	<b>\$ 3,104,590</b>	<b>\$ 2,879,996</b>	<b>\$ 26,652</b>	<b>\$ 468,425</b>	<b>\$ 3,375,073</b>

See Accompanying Notes to the Basic Financial Statements

**Village of Canal Winchester**  
**Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balance –**  
**Budget and Actual (Budgetary Basis)**  
**General Fund**  
**For the Year Ended December 31, 2008**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>Budgetary basis receipts:</b>				
Taxes	\$ 4,667,400	\$ 4,894,786	\$ 4,605,310	\$ (289,476)
Intergovernmental	355,628	372,953	350,897	(22,056)
Special assessments	77,782	81,571	76,747	(4,824)
Charges for services	127,980	134,214	126,277	(7,937)
Fines, licenses and permits	485,496	509,148	479,037	(30,111)
Interest	382,557	401,195	377,468	(23,727)
Other	61,072	64,048	60,260	(3,788)
<b>Total budgetary basis receipts</b>	<b>6,157,915</b>	<b>6,457,915</b>	<b>6,075,996</b>	<b>(381,919)</b>
<b>Budgetary basis disbursements:</b>				
<b>Current:</b>				
Security of persons and property	917,717	938,337	897,234	41,103
Public health services	41,500	44,773	58,173	(13,400)
Leisure time activities	220,000	220,000	218,548	1,452
Community environment	725,765	725,765	626,317	99,448
Transportation	1,561,679	1,627,679	1,061,126	566,553
General government	1,847,246	1,938,621	1,759,739	178,882
Capital outlay	317,978	332,978	246,607	86,371
<b>Debt service:</b>				
Principal retirement	-	2,500,000	2,500,000	-
Interest and fiscal charges	-	105,955	105,955	-
<b>Total budgetary basis disbursements</b>	<b>5,631,885</b>	<b>8,434,108</b>	<b>7,473,699</b>	<b>960,409</b>
<b>Excess of budgetary basis receipts</b> <b>over budgetary basis disbursements</b>	<b>526,030</b>	<b>(1,976,193)</b>	<b>(1,397,703)</b>	<b>578,490</b>
<b>Other financing disbursements:</b>				
Sale of Bonds	-	2,200,000	2,200,000	-
Transfers out	(1,462,532)	(1,462,532)	(1,340,882)	121,650
<b>Total other financing disbursements</b>	<b>(1,462,532)</b>	<b>737,468</b>	<b>859,118</b>	<b>121,650</b>
<b>Net change in fund cash balance</b>	<b>(936,502)</b>	<b>(1,238,725)</b>	<b>(538,585)</b>	<b>700,140</b>
<b>Fund cash balance at beginning of year</b>	<b>2,588,741</b>	<b>2,588,741</b>	<b>2,588,741</b>	<b>-</b>
<b>Prior year encumbrances appropriated</b>	<b>291,255</b>	<b>291,255</b>	<b>291,255</b>	<b>-</b>
<b>Fund cash balance at end of year</b>	<b>\$ 1,943,494</b>	<b>\$ 1,641,271</b>	<b>\$ 2,341,411</b>	<b>\$ 700,140</b>

**Village of Canal Winchester**  
**Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balance –**  
**Budget and Actual (Budgetary Basis)**  
**General Fund**  
**For the Year Ended December 31, 2007**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Budgetary basis receipts:</b>				
Taxes	\$ 4,040,677	\$ 4,032,644	\$ 4,514,974	\$ 482,330
Intergovernmental	470,715	469,779	525,968	56,189
Special assessments	68,488	68,352	76,527	8,175
Charges for services	149,128	148,832	166,633	17,801
Fines, licenses and permits	712,817	711,400	796,488	85,088
Interest	410,356	409,540	458,524	48,984
Other	87,556	87,382	97,833	10,451
<b>Total budgetary basis receipts</b>	<b>5,939,737</b>	<b>5,927,929</b>	<b>6,636,947</b>	<b>709,018</b>
<b>Budgetary basis disbursements:</b>				
<b>Current:</b>				
Security of persons and property	913,789	914,064	876,603	37,461
Public health services	41,000	41,370	38,755	2,615
Leisure time activities	168,908	174,408	146,166	28,242
Community environment	723,015	727,015	586,110	140,905
Transportation	792,291	792,291	635,701	156,590
General government	1,815,762	1,921,962	1,669,624	252,338
Capital outlay	332,396	508,474	431,646	76,828
<b>Total budgetary basis disbursements</b>	<b>4,787,161</b>	<b>5,079,584</b>	<b>4,384,605</b>	<b>694,979</b>
<b>Excess of budgetary basis receipts over budgetary basis disbursements</b>	<b>1,152,576</b>	<b>848,345</b>	<b>2,252,342</b>	<b>1,403,997</b>
<b>Other financing disbursements:</b>				
Sale of assets	-	-	2,748	2,748
Transfers out	(1,317,432)	(1,317,432)	(1,299,207)	18,225
<b>Total other financing disbursements</b>	<b>(1,317,432)</b>	<b>(1,317,432)</b>	<b>(1,296,459)</b>	<b>20,973</b>
<b>Net change in fund cash balance</b>	<b>(164,856)</b>	<b>(469,087)</b>	<b>955,883</b>	<b>1,424,970</b>
<b>Fund cash balance at beginning of year</b>	<b>1,467,718</b>	<b>1,467,718</b>	<b>1,467,718</b>	<b>-</b>
<b>Prior year encumbrances appropriated</b>	<b>165,140</b>	<b>165,140</b>	<b>165,140</b>	<b>-</b>
<b>Fund cash balance at end of year</b>	<b>\$ 1,468,002</b>	<b>\$ 1,163,771</b>	<b>\$ 2,588,741</b>	<b>\$ 1,424,970</b>

**Village of Canal Winchester**  
**Statement of Cash Basis Assets and Net Cash Assets**  
**Enterprise Funds**  
**December 31, 2008**

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Other Enterprise	Total
<b>Assets:</b>				
<b>Current assets:</b>				
Equity in pooled cash and cash equivalents	\$ 2,180,329	\$ 3,738,859	\$ 215,902	\$ 6,135,090
<b>Total assets</b>	<b>2,180,329</b>	<b>3,738,859</b>	<b>215,902</b>	<b>6,135,090</b>
<b>Net cash assets:</b>				
Unrestricted	2,180,329	3,738,859	215,902	6,135,090
<b>Total net cash assets</b>	<b>\$ 2,180,329</b>	<b>\$ 3,738,859</b>	<b>\$ 215,902</b>	<b>\$ 6,135,090</b>

**Village of Canal Winchester**  
**Statement of Cash Basis Assets and Net Cash Assets**  
**Enterprise Funds**  
**December 31, 2007**

	Business-type Activities - Enterprise Funds			Total
	Water	Sewer	Other Enterprise	
<b>Cash assets:</b>				
Equity in pooled cash and cash equivalents	\$ 2,233,516	\$ 3,751,838	\$ 63,260	\$ 6,048,614
<b>Total assets</b>	2,233,516	3,751,838	63,260	6,048,614
<b>Net cash assets:</b>				
Unrestricted	2,233,516	3,751,838	63,260	6,048,614
<b>Total net cash assets</b>	\$ 2,233,516	\$ 3,751,838	\$ 63,260	\$ 6,048,614

**Village of Canal Winchester**  
**Statement of Cash Receipts, Cash Disbursements and Changes in Net Cash Assets**  
**Enterprise Funds**  
**For the Year Ended December 31, 2008**

	<b>Business-Type Activities - Enterprise Funds</b>			
	<b>Water</b>	<b>Sewer</b>	<b>Other Enterprise</b>	<b>Total</b>
<b>Operating cash receipts:</b>				
Charges for services	\$ 1,125,140	\$ 1,232,855	\$ 213,632	\$ 2,571,627
Capacity fees	57,823	275,160	-	332,983
Other operating cash receipts	94,868	1,233	-	96,101
<b>Total operating cash receipts</b>	<b>1,277,831</b>	<b>1,509,248</b>	<b>213,632</b>	<b>3,000,711</b>
<b>Operating cash disbursements:</b>				
Personal services	325,262	319,609	37,491	682,362
Transportation	10,297	9,908	-	20,205
Contractual services	146,751	380,184	18,651	545,586
Materials and supplies	219,915	63,594	4,248	287,757
Capital outlay	189,439	255,143	-	444,582
Other	24,522	-	600	25,122
<b>Total operating cash disbursements</b>	<b>916,186</b>	<b>1,028,438</b>	<b>60,990</b>	<b>2,005,614</b>
<b>Operating cash receipts over (under) operating cash disbursements</b>	<b>361,645</b>	<b>480,810</b>	<b>152,642</b>	<b>995,097</b>
<b>Nonoperating cash receipts (disbursements):</b>				
OWDA loans	63,755	21,967	-	85,722
Debt service:				
Principal	(170,494)	(286,441)	-	(456,935)
Interest and other fiscal charges	(308,093)	(229,315)	-	(537,408)
<b>Total nonoperating cash receipts (disbursements)</b>	<b>(414,832)</b>	<b>(493,789)</b>	<b>-</b>	<b>(908,621)</b>
<b>Changes in net cash assets</b>	<b>(53,187)</b>	<b>(12,979)</b>	<b>152,642</b>	<b>86,476</b>
<b>Net cash assets at beginning of year</b>	<b>2,233,516</b>	<b>3,751,838</b>	<b>63,260</b>	<b>6,048,614</b>
<b>Net cash assets at end of year</b>	<b>\$ 2,180,329</b>	<b>\$ 3,738,859</b>	<b>\$ 215,902</b>	<b>\$ 6,135,090</b>

See Accompanying Notes to the Basic Financial Statements

**Village of Canal Winchester**  
**Statement of Cash Receipts, Cash Disbursements and Changes in Net Cash Assets**  
**Enterprise Funds**  
**For the Year Ended December 31, 2007**

	Business-Type Activities - Enterprise Funds			Total
	Water	Sewer	Other Enterprise	
<b>Operating cash receipts:</b>				
Charges for services	\$ 1,222,315	\$ 1,323,823	\$ 90,427	\$ 2,636,565
Capacity fees	452,574	979,472	-	1,432,046
Other operating cash receipts	77,095	4,851	-	81,946
<b>Total operating cash receipts</b>	<b>1,751,984</b>	<b>2,308,146</b>	<b>90,427</b>	<b>4,150,557</b>
<b>Operating cash disbursements:</b>				
Personal services	331,639	329,568	-	661,207
Transportation	8,973	8,067	-	17,040
Contractual services	124,244	466,129	34,027	624,400
Materials and supplies	124,804	47,147	4,100	176,051
Capital outlay	3,763,619	37,613	6,745	3,807,977
Other	190,671	-	-	190,671
<b>Total operating cash disbursements</b>	<b>4,543,950</b>	<b>888,524</b>	<b>44,872</b>	<b>5,477,346</b>
<b>Operating cash receipts over (under) operating cash disbursements</b>	<b>(2,791,966)</b>	<b>1,419,622</b>	<b>45,555</b>	<b>(1,326,789)</b>
<b>Nonoperating cash receipts (disbursements):</b>				
OWDA loans	3,144,049	-	-	3,144,049
EPA grant	477,900	-	-	477,900
Debt service:				
Principal	(204,246)	(332,196)	-	(536,442)
Interest and other fiscal charges	(147,411)	(220,314)	-	(367,725)
<b>Total nonoperating cash receipts (disbursements)</b>	<b>3,270,292</b>	<b>(552,510)</b>	<b>-</b>	<b>2,717,782</b>
<b>Changes in net cash assets</b>	<b>478,326</b>	<b>867,112</b>	<b>45,555</b>	<b>1,390,993</b>
<b>Net cash assets at beginning of year</b>	<b>1,755,190</b>	<b>2,884,726</b>	<b>17,705</b>	<b>4,657,621</b>
<b>Net cash assets at end of year</b>	<b>\$ 2,233,516</b>	<b>\$ 3,751,838</b>	<b>\$ 63,260</b>	<b>\$ 6,048,614</b>

**Village of Canal Winchester**  
**Statement of Fiduciary Assets and Net Cash Assets**  
**Fiduciary Funds**  
**December 31, 2008 and 2007**

	<u>2008</u>	<u>2007</u>
	<u>Agency</u>	<u>Agency</u>
<b>Assets:</b>		
<b>Equity in pooled cash and cash equivalent</b>	\$ <u>132,385</u>	\$ <u>385</u>
<b>Total assets</b>	<u>\$ 132,385</u>	<u>\$ 385</u>
<b>Net cash assets:</b>		
<b>Unrestricted</b>	\$ <u>132,385</u>	\$ <u>385</u>
<b>Total net cash assets</b>	<u>\$ 132,385</u>	<u>\$ 385</u>

VILLAGE OF CANAL WINCHESTER

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2008 and 2007

NOTE 1 - DESCRIPTION OF THE ENTITY

The Village of Canal Winchester (the “Village”) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The Village operates under a council-mayor form of government and provides the following services: police protection (through Fairfield County), water and sewer utility services, park operations, street maintenance and repair, as well as general governmental services.

Management believes the financial statements included in this report represent all of the funds of the Village over which the Village officials are financially accountable.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.D, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In cases where these cash basis statements contain items that are the same as, or similar to, those items in the financial statements prepared in conformity with GAAP, similar informative disclosures are provided. Following are the more significant of the Village’s accounting policies:

A. Reporting Entity

For financial reporting purposes, the Village’s BFS include all funds, agencies, boards, commissions, and departments for which the Village is financially accountable. Financial accountability, as defined by the GASB, exists if the Village appoints a voting majority of an organization’s governing board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific burdens on, the Village. The Village may also be financially accountable for governmental organizations with a separately elected governing board, a governing board appointed by another government, or a jointly appointed board that is fiscally dependent on the Village. The Village also took into consideration other organizations for which the nature and significance of their relationship with the Village are such that exclusion would cause the Village’s basic financial statements to be misleading or incomplete. The Village has no component units. The following organization is described due to its relationship to the Village:

Canal Winchester Industry and Commerce Corporation (the “CWICC”)

The CWICC is a legally separate, non-profit corporation created on August 22, 1994 pursuant of the provisions of Ohio Rev. Code Section 1724.10. The CWICC is governed by a five-member Board of Trustees. Two of the members are from elected Village officials and the remaining three members are elected by the CWICC. Vacancies are appointed by the remaining Trustees by an affirmative majority vote. The CWICC’s sole purpose is to carry out the Plan of Industrial, Commercial, Distribution and Research Development for the Village. The Village is not required under this agreement to provide any financial contribution to the CWICC. The Village did not expend any money in 2007 and 2008 to the CWICC. The CWICC can incur debt, mortgage its property acquired, otherwise issue its obligations for the purpose of acquiring, constructing, improving and equipping buildings, structures and other properties and acquiring sites. The financial activities of the CWICC are not included in the financial statements of the Village.

VILLAGE OF CANAL WINCHESTER

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2008 and 2007

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

**B. Basis of Presentation**

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

Government-wide Statement of Activities – Cash Basis - This statement displays information about the Village as a whole, except for fiduciary funds. The statement distinguishes between those activities of the Village that are governmental and those that are considered business-type activities.

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

Fund Financial Statements - Fund financial statements report detailed information about the Village. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

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

**C. Fund Accounting**

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

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

General Fund - This fund is used to account for all financial resources of the Village 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.

VILLAGE OF CANAL WINCHESTER

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2008 and 2007

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

Issue II Fund - This fund accounts for all transactions relating to Issue II construction (2007).

Debt Service Fund - This fund accounts for the issuance and retirement of debt. (2008)

Other governmental funds of the Village are used to account for grants and other receipts whose use is restricted to a particular purpose and for receipts and disbursements used for the acquisition, construction and improvement of capital facilities.

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

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

Sewer Fund - This fund accounts for the user charges and expenses of maintaining the sewer lines and facilities of the Village.

The Village's nonmajor enterprise fund accounts for Storm Water Operations.

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

**D. Basis of Accounting**

The Village's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

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

These statements include adequate disclosure of material matters, in accordance with the basis of accounting described above.

**E. Budgetary Process**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimate resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as

VILLAGE OF CANAL WINCHESTER

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2008 and 2007

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

certified. All funds, except agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each department within each fund. Any budgetary modifications at this level may only be made by resolution of the Village's Council.

*Tax Budget:*

A budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year. The expressed purpose of the tax budget is to reflect the need for existing (or increased) tax rates.

*Estimated Resources:*

The County Budget Commission determines if the budget substantiates a need to levy the full amount of authorized property tax rates and reviews receipt estimates. The County Budget Commission certifies its actions to the Village by September 1. As part of this certification, the Village receives the official certificate of estimated resources, which states the projected receipts of each fund. On or about January 1, the certificate is amended to include unencumbered fund balances at December 31 of the preceding year. Further amendments may be made during the year if the Village determined that receipts collected will be greater than or less than the prior estimate, and the Budget Commission find the revised estimate to be reasonable. Prior to December 31, the Village must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. The amounts reported within the budgetary statements reflect the original and final estimated resources as certified by the County Budget Commission.

*Appropriations:*

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriations measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources. The Village legally adopted appropriation amendments during 2008 and 2007. The budgetary statement reflects the original and final appropriations as approved by Council.

*Encumbrances:*

As part of the formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation.

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated.

VILLAGE OF CANAL WINCHESTER

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2008 and 2007

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

**F. Cash and Cash Equivalents**

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the Village's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements. Interest earnings are allocated as authorized by State statute.

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments. Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2008 and 2007, the Village invested in State Treasury Asset Reserve of Ohio (STAR Ohio), federal agency securities, repurchase agreements, and U.S. government money market funds. Investments are reported at cost.

STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2008 and 2007.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the general fund during 2008 and 2007 were \$377,468 and \$458,524 which includes \$266,440 and \$362,940 assigned from other Village funds.

**G. Capital Assets**

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

**H. Unpaid Vacation and Sick Leave**

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

**I. Long-term Obligations**

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

**J. Net Assets**

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

**VILLAGE OF CANAL WINCHESTER**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2008 and 2007**

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

The Village first applies restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

**K. Interfund Activity**

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

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchasing funds. Nonexchange flows of cash from one fund to another are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented on the basic financial statements.

**L. Employer Contributions to Cost-Sharing Pension Plans**

The Village recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**M. Inventory and Prepaid Items**

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

**N. Interfund Receivables/Payables**

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

**O. Fund Balance Reserves**

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

**P. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal years 2008 and 2007.

**NOTE 3 - ACCOUNTABILITY & COMPLIANCE**

**Change in Accounting Principles**

For 2008, the Village has implemented GASB Statement No. 45, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions" and GASB Statement No. 50, "Pension Disclosures".

VILLAGE OF CANAL WINCHESTER

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2008 and 2007

NOTE 3 - ACCOUNTABILITY & COMPLIANCE – (Continued)

GASB Statement No. 45 establishes uniform standards of financial reporting for other postemployment benefits and increases the usefulness and improves the faithfulness of representations in the financial reports. The implementation of GASB Statement No. 45 did not have an effect on the financial statements of the Village; however, certain disclosures related to postemployment benefits (see Note 9) have been modified to conform to the new reporting requirements.

GASB Statement No. 50 establishes standards that more closely align the financial reporting requirements for pensions with those of other postemployment benefits. The implementation of GASB Statement No. 50 did not have an effect on the financial statements of the Village.

NOTE 4 - 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 the Village has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;

VILLAGE OF CANAL WINCHESTER

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2008 and 2007

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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 Village 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.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Cash on Hand

At year-end, the Village had \$150 in undeposited cash on hand which is included on the financial statements of the Village as part of "equity in pooled cash and cash equivalents."

B. Deposits with Financial Institutions

At December 31, 2008, the carrying amount of all Village deposits was \$724,000 exclusive of the \$1,449,363 repurchase agreement included in investments below. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2008, the Village's entire bank balance of \$245,750 was covered by the Federal Deposit Insurance Corporation.

At December 31, 2007, the carrying amount of all Village deposits was \$1,298,838 exclusive of the \$455,266 repurchase agreement included in investments below. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2007, \$1,114,967 of the Village's bank balance of \$1,214,967 was exposed to custodial risk as discussed below, while \$100,000 was covered by the Federal Deposit Insurance Corporation.

VILLAGE OF CANAL WINCHESTER

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2008 and 2007

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Custodial credit risk is the risk that, in the event of bank failure, the Village's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Village.

C. Investments

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

Investment type	Fair Value	Investment Maturities				
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
U.S. Government money market	\$ 557,574	\$ 557,574	\$ -	\$ -	\$ -	\$ -
STAR Ohio	160,683	160,683	-	-	-	-
Repurchase agreement	1,449,363	1,449,363	-	-	-	-
FHLMC	1,298,700	-	-	-	-	1,298,700
FHLB	2,234,410	-	-	-	499,500	1,734,910
FNMA	2,947,185	-	-	-	-	2,947,184
Total	<u>\$ 8,647,915</u>	<u>\$ 2,167,620</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 499,500</u>	<u>\$ 5,980,794</u>

The weighted average maturity of investments is 2.29 years.

As of December 31, 2007, the Village had the following investments and maturities:

Investment type	Balance at Carrying Value	Investment Maturities				
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
U.S. Government Money Market	\$ 58,838	\$ 58,838	\$ -	\$ -	\$ -	\$ -
STAR Ohio	156,671	156,671	-	-	-	-
Repurchase Agreement	455,266	455,266	-	-	-	-
FHLMC	3,640,318	-	-	-	-	3,640,318
FHLB	2,059,811	121,756	-	-	534,881	1,403,174
FNMA	1,754,180	-	97,026	-	300,563	1,356,591
Total	<u>\$ 8,125,084</u>	<u>\$ 792,531</u>	<u>\$ 97,026</u>	<u>\$ -</u>	<u>\$ 835,444</u>	<u>\$ 6,400,083</u>

The weighted average maturity of investments is 2.85 years.

**Interest Rate Risk:** As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the Village's investment policy limits investment portfolio maturities to five years or less.

**Credit Risk:** The Village's investments in federal agency securities, and the federal agency securities that underlie the Village's repurchase agreement, were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned STAR Ohio an AAAM money market rating.

VILLAGE OF CANAL WINCHESTER

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2008 and 2007

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

**Custodial Credit Risk:** For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent but not in the Village's name. Of the Village's investment in repurchase agreements, the entire balance is collateralized by underlying securities that are held by the investment's counterparty, not in the name of the Village. Ohio law requires the market value of the securities subject to repurchase agreements must exceed the principal value of securities subject to a repurchase agreement by 2%. The Village has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the finance director or qualified trustee.

**Concentration of Credit Risk:** The Village places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the Village at December 31, 2008:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
U.S. Government money market	\$ 557,574	6.45
STAR Ohio	160,683	1.86
Repurchase agreement	1,449,363	16.76
FHLMC	1,298,700	15.02
FHLB	2,234,410	25.84
FNMA	2,947,185	34.07
	<u>\$ 8,647,915</u>	<u>100.00</u>

**Concentration of Credit Risk:** The Village places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the Village at December 31, 2007:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
U.S. Government Money Market	\$ 58,838	0.72
STAR Ohio	156,671	1.93
Repurchase Agreement	455,266	5.60
FHLMC	3,640,318	44.81
FHLB	2,059,811	25.35
FNMA	1,754,180	21.59
	<u>\$ 8,125,084</u>	<u>100.00</u>

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net assets as of December 31, 2008:

VILLAGE OF CANAL WINCHESTER

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2008 and 2007

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 724,000
Investments	8,647,915
Cash on hand	150
Total	<u>\$ 9,372,065</u>

<u>Cash and investments per statement of net assets - cash basis</u>	
Governmental activities	\$ 3,104,590
Business-type activities	6,135,090
Agency fund	132,385
Total	<u>\$ 9,372,065</u>

The following is a reconciliation of cash and investments as reported in the footnote above to cash and investments as reported on the statement of net assets as of December 31, 2007:

<u>Cash and Investments per footnote</u>	
Carrying amount of deposits	\$ 1,298,838
Investments	8,125,084
Cash on hand	150
Total	<u>\$ 9,424,072</u>

<u>Cash and Investments per Statement of Net Assets - Cash Basis</u>	
Governmental activities	\$ 3,375,073
Business type activities	6,048,614
Agency fund	385
Total	<u>\$ 9,424,072</u>

NOTE 5 - DEBT OBLIGATIONS

A. Governmental Activities

During 2008, the following changes occurred in the governmental activities long-term obligations:

**VILLAGE OF CANAL WINCHESTER**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2008 and 2007**

**NOTE 5 - DEBT OBLIGATIONS - (Continued)**

<b>Governmental activities:</b>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance at 12/31/07</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at 12/31/08</u>	<u>Amounts Due in One Year</u>
<u>General obligation bonds</u>							
G.O. bonds, series 1993	6.00%	11/15/2013	\$ 400,000	\$ -	\$ (400,000)	\$ -	\$ -
G.O. special assessment bonds, 1994	7.00%	12/01/2014	190,000	-	(20,000)	170,000	25,000
G.O. bonds, series 1999	4.85%	12/01/2019	2,825,000	-	(2,825,000)	-	-
G.O. bonds, series 2004	4.23%	12/01/2024	2,230,000	-	(115,000)	2,115,000	115,000
G.O. various purpose bonds, 2008	3.92%	12/01/2028	-	5,790,000	(285,000)	5,505,000	370,000
Total general obligations bonds			<u>5,645,000</u>	<u>5,790,000</u>	<u>(3,645,000)</u>	<u>7,790,000</u>	<u>510,000</u>
<u>Notes payable</u>							
Diley Rd. assessment notes	4.25%	10/30/2008	2,500,000	-	(2,500,000)	-	-
Total bond anticipation notes			<u>2,500,000</u>	<u>-</u>	<u>(2,500,000)</u>	<u>-</u>	<u>-</u>
<u>OPWC Loans</u>							
#CC05B - Washington St.	0.00%	7/01/2020	508,517	-	(39,117)	469,400	39,117
#CC02D - North High St.	0.00%	7/01/2023	300,759	-	(18,797)	281,962	18,797
#CC03E - West Waterloo #1	0.00%	1/01/2024	496,358	-	(30,082)	466,276	30,082
#CC04F - West Waterloo #2	0.00%	1/01/2025	863,270	-	(25,389)	837,881	50,781
#CC04K - Columbus St.	0.00%	1/1/2029	-	456,000	-	456,000	11,400
Total OPWC loans			<u>2,168,904</u>	<u>456,000</u>	<u>(113,385)</u>	<u>2,511,519</u>	<u>150,177</u>
Total governmental activities long-term obligations			<u>\$ 10,313,904</u>	<u>\$ 6,246,000</u>	<u>\$ (6,258,385)</u>	<u>\$ 10,301,519</u>	<u>\$ 660,177</u>

**General Obligation Bonds:**

The Village issued \$990,000 in general obligation bonds on July 15, 1993 for the purpose of extending sewer and water lines, and making various improvements to the Village, including repairing and replacing utilities and electric lines, improving streets, sidewalks, and parking areas. Outstanding bonds in the amount of \$400,000 were currently refunded during 2008.

On December 1, 1994, the Village issued \$370,000 in general obligation special assessment bonds. The bonds bear an annual interest rate of 7.00% and mature on December 1, 2014.

The Village issued \$4,000,000 in general obligation bonds on May 26, 1999 for various Village improvements. Outstanding bonds in the amount of \$2,825,000 were advance refunded during 2008.

The Village issued \$2,549,999 in general obligation bonds during 2004. The bonds bear an annual interest rate of 4.23% and mature on December 1, 2024.

On September 18, 2008, the Village issued \$5,790,000 in general obligation various purpose refunding bonds to currently refund the 1993 general obligation bonds, to currently refund notes maturing in 2008, and to advance refund the 1999 general obligation bonds. The refunded debt is considered defeased (in-substance).

**VILLAGE OF CANAL WINCHESTER**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2008 and 2007**

**NOTE 5 - DEBT OBLIGATIONS - (Continued)**

The 2008 general obligation various purpose refunding issue is comprised of current interest bonds, par value \$5,790,000, with an annual interest rate ranging from 3.00% - 4.50% and mature on December 1, 2028. The reacquisition price exceeded the net carrying amount of the old debt by \$208,142.

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

Fiscal Year Ended December 31,	General Obligation Bonds Payable		
	Principal	Interest	Total
2009	\$ 510,000	\$ 284,123	\$ 794,123
2010	530,000	268,168	798,168
2011	545,000	251,363	796,363
2012	560,000	233,832	793,832
2013	575,000	215,333	790,333
2014-2018	2,529,243	923,339	3,452,582
2019-2023	1,610,757	528,517	2,139,274
2024-2028	930,000	111,037	1,041,037
Total	<u>\$ 7,790,000</u>	<u>\$ 2,815,712</u>	<u>\$ 10,605,712</u>

**Notes payable** - The Village issued \$2,500,000 in assessment notes payable on November 1, 2007 at an interest rate of 4.25%. The notes were issued for improvement, construction, and reconstruction of Diley Rd. The notes matured on October 30, 2008, and were retired through the 2008 general obligation various purpose bond issuance. Principal and interest payments were made out of the general fund.

**OPWC Loans** - Ohio Public Works Commission Loans (OPWC) have been issued for various street improvements. The loans are interest free and principal payments are made from the debt service fund.

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

Fiscal Year Ended December 31,	OPWC Loans Payable		
	Principal	Interest	Total
2009	\$ 150,177	\$ -	\$ 150,177
2010	161,578	-	161,578
2011	161,579	-	161,579
2012	161,578	-	161,578
2013	161,578	-	161,578
2014-2018	807,883	-	807,883
2019-2023	690,534	-	690,534
2024-2028	205,212	-	205,212
2029	11,400	-	11,400
Total	<u>\$ 2,511,519</u>	<u>\$ -</u>	<u>\$ 2,511,519</u>

VILLAGE OF CANAL WINCHESTER

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2008 and 2007

NOTE 5 - DEBT OBLIGATIONS - (Continued)

B. Business-Type Activities

During 2008, the following changes occurred in the business-type activities long-term obligations:

	Interest Rate	Maturity Date	Balance at 12/31/07	Additions	Reductions	Balance at 12/31/08	Amounts Due in One Year
<u>Revenue bonds</u>							
Sewer mortgage revenue bonds	4.31%	12/01/2024	\$ 5,020,000	\$ -	\$ (220,000)	\$ 4,800,000	\$ 230,000
Total revenue bonds			5,020,000	-	(220,000)	4,800,000	230,000
<u>OPWC Loans</u>							
#CT212 - Hocking St.	0.00%	1/01/2012	20,068	-	(4,460)	15,608	4,460
#CC808 - Columbus & Washington	3.00%	1/01/2016	47,205	-	(4,954)	42,251	5,103
#CC01C - Sanitary sewer rehab	3.00%	1/01/2024	185,072	-	(8,816)	176,256	9,083
Total OPWC loans			252,345	-	(18,230)	234,115	18,646
<u>OWDA Loans</u>							
#3081 - Elevated storage tank construction	6.02%	7/01/2014	265,205	-	(19,003)	246,202	39,145
#1502 - Water improvements	8.26%	1/01/2014	917,502	-	(62,126)	855,376	129,384
#1501 - Sewer improvements	7.36%	7/01/2008	38,622	-	(38,622)	-	-
#4523 - Water treatment plant construction	2.75%	7/01/2027	3,431,212	79,189	(77,616)	3,432,785	-
#4672 - Well field & raw water line	2.75%	7/01/2027	819,955	6,533	(21,338)	805,150	-
Total OWDA loans			5,472,496	85,722	(218,705)	5,339,513	168,529
Total business-type activities			\$ 10,744,841	\$ 85,722	\$ (456,935)	\$ 10,373,628	\$ 417,175

**Revenue Bonds** - The Village issued \$5,650,000 in sewer mortgage revenue bonds on December 1, 2004 for acquiring, constructing and operating improvements to the sanitary sewer collection and treatment system, due in annual installments of varying amounts, bearing interest at a variable rate through 2024.

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

**VILLAGE OF CANAL WINCHESTER**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2008 and 2007**

**NOTE 5 - DEBT OBLIGATIONS - (Continued)**

Fiscal Year Ended December 31,	Revenue Bonds Payable		
	Principal	Interest	Total
2009	\$ 230,000	\$ 191,065	\$ 421,065
2010	235,000	184,740	419,740
2011	240,000	177,690	417,690
2012	250,000	169,890	419,890
2013	255,000	161,390	416,390
2014-2018	1,435,000	658,264	2,093,264
2019-2023	1,755,000	344,126	2,099,126
2024	400,000	18,000	418,000
Total	<u>\$ 4,800,000</u>	<u>\$ 1,905,165</u>	<u>\$ 6,705,165</u>

The Village has pledged future sewer customer revenues, net of specified operating expenses, to acquire, construct, and make operating improvements to the sanitary sewer collection and treatment system. The sewer revenue bonds are payable solely from sewer customer net revenues and are payable through 2024. Annual principal and interest payments on the bonds are expected to require approximately 86.64 percent of net revenues. The total principal and interest remaining to be paid on the water revenue bonds is \$6,705,165. Principal and interest paid for the current year and total customer net revenues were \$416,565 and \$480,810, respectively.

**OPWC Loans** – OPWC loans have been issued to finance waterline construction and sanitary sewer rehabilitation. Principal and interest payments are due in semi-annual installments.

The following is a summary of the Village’s future annual debt service principal and interest requirements for the OPWC loans:

Fiscal Year Ended December 31,	OPWC Loans Payable		
	Principal	Interest	Total
2009	\$ 18,646	\$ 6,450	\$ 25,096
2010	19,074	6,021	25,095
2011	19,515	5,579	25,094
2012	17,741	5,124	22,865
2013	15,980	4,655	20,635
2014-2018	71,135	16,214	87,349
2019-2023	64,978	6,537	71,515
2024	7,046	106	7,152
Total	<u>\$ 234,115</u>	<u>\$ 50,686</u>	<u>\$ 284,801</u>

VILLAGE OF CANAL WINCHESTER

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2008 and 2007

NOTE 5 - DEBT OBLIGATIONS - (Continued)

**OWDA Loans** - The Village has entered into debt financing arrangements through the OWDA to fund construction projects. The amounts due to the OWDA are payable solely from sewer and water revenues. The loan agreements function similar to a line-of-credit agreement. At December 31, 2008, the Village has outstanding borrowings of \$5,339,513. The loan agreements require semi-annual payments based on the permissible borrowings rather than the actual amount loaned. These payments are reflected in the future maturities of principal and interest table and are subject to revision if the total amount is not drawn down. The water treatment plant construction and the well field and raw water line projects financed through OWDA loans are not closed out as of December 31, 2008. Future annual debt service principal and interest requirements for these loans, which have balances at December 31, 2008 of \$3,432,785 and \$805,150 are not available.

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

Fiscal Year Ended December 31,	OWDA Loans Payable		
	Principal	Interest	Total
2009	\$ 168,529	\$ 86,375	\$ 254,904
2010	181,572	72,432	254,004
2011	195,640	58,364	254,004
2012	210,815	43,189	254,004
2013	227,183	26,821	254,004
2014	117,839	9,164	127,003
Total	<u>\$ 1,101,578</u>	<u>\$ 296,345</u>	<u>\$ 1,397,923</u>

At December 31, 2007, debt obligations consisted of the following issuances:

<u>Debt Service Fund:</u>	Balance 12/31/07
2004 Wastewater General Obligation bonds for rebuilding, surfacing and paving Walnut Street and Gender Road and various water and sewer improvements, bearing interest of various rates and due in full in December 2014.	\$ 2,230,000
1999 Various Purpose Bonds, due in annual installments of varying amounts, bearing interest at various rates through 2014.	2,825,000
1994 Water and Sewer System Improvement Bonds for various utility improvements, due in annual principal installments and semi-annual interest rates of varying installments, bearing interest at varying amounts through 2014	190,000
1993 General Obligation bonds for the Ohio Water and Sewer System Improvement Bond Series 1993, due in annual installments of various amounts, bearing interest at a various rates through 2013.	400,000
2001 Ohio Public Works commission (OPWC) loan for Washington Street Rehabilitation, due in semi-annual installments bearing 0% interest through 2020.	508,517
2002 Ohio Public Works loan for North High Street Rehabilitation due in semi-annual installments bearing 0% interest through 2022.	863,270

**VILLAGE OF CANAL WINCHESTER**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2008 and 2007**

**NOTE 5 - DEBT OBLIGATIONS - (Continued)**

<u>Debt Service Fund - (Continued):</u>	<u>Balance 12/31/07</u>
2002 Ohio Public Works loan bearing 0% interest through 2022.	\$ 300,759
2003 Ohio Public Works loan for West Waterloo Street improvement, due in semi-annual installments bearing 0% interest through 2024	496,358
<u>Capital Projects Fund:</u>	
2007 Diley Road bond anticipation note due 2007, bearing interest at 4.25%	2,500,000
<u>Enterprise Funds:</u>	
2004 Sewer System Adjustable Rate First Mortgage Revenue Bonds for acquiring, constructing and operating improvements to the sanitary sewer collection and treatment system, due in annual installments of varying amounts, bearing interest at a variable rate through 2024.	5,020,000
1999 Ohio Public Works loan for Sanitary Sewer Rehab, due in semi-annual installments bearing interest at 3% through 2024.	185,072
1996 OPWC loan for Columbus Washington water line, due in semi-annual installments bearing interest at 3% through 2016.	47,205
1994 Ohio Water Development Authority (OWDA) loan for Elevated Water Storage tank construction, due in semi-annual installments bearing interest at 6.02% interest through 2014.	265,205
1992 OPWC loan for Hocking Street Waterline, due in semi-annual installments bearing no interest through 2012.	20,068
1989 OWDA loan for Waterline construction, due in semi-annual installments bearing interest at 8.26% interest through 2014.	917,502
1989 OWDA loan for Sewer line construction, due in semi-annual installments bearing interest at 7.36% through 2008.	38,622
2006 OWDA loan for WTP Construction, due in semi-annual installments bearing interest at 2.75% through 2027. Total loan proceeds have not been received as of December 31, 2007, therefore no amortization schedule is shown.	3,431,212
2007 OWDA loan for wellfield and raw water line, due in semi-annual installments bearing interest at 2.75% through 2027. Total loan proceeds have not been received as of December 31, 2007, therefore no amortization schedule is shown.	<u>819,955</u>
Total debt obligations:	<u><u>\$ 21,058,745</u></u>

VILLAGE OF CANAL WINCHESTER

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2008 and 2007

NOTE 5 - DEBT OBLIGATIONS - (Continued)

Transactions for the year ended December 31, 2007, are summarized as follows. The balance at December 31, 2006 has been restated to include OWDA loan #4523 that was not included previously.

	Fund Type	Restated Balance 12/31/06	Proceeds	Payments	Balance 12/31/07	Amounts Due in One Year
2006 Bond Anticipation Notes	Capital Projects	\$ 2,500,000	\$ -	\$ (2,500,000)	\$ -	\$ -
2007 Bond Anticipation Notes	Capital Projects	-	2,500,000	-	2,500,000	2,500,000
2004 Wastewater G.O. Bonds	Debt	2,340,000	-	(110,000)	2,230,000	115,000
1999 Various Purpose Bonds	Debt	2,995,000	-	(170,000)	2,825,000	175,000
GO Bonds 1994	Debt	210,000	-	(20,000)	190,000	20,000
GO Bonds 1993	Debt	460,000	-	(60,000)	400,000	60,000
OPWC #CC05B	Debt	547,634	-	(39,117)	508,517	39,117
OPWC #CC02D	Debt	319,556	-	(18,797)	300,759	18,797
OPWC #CC03E	Debt	526,440	-	(30,082)	496,358	30,082
OPWC #CC04F	Debt	914,051	-	(50,781)	863,270	50,781
Total Governmental funds		<u>10,812,681</u>	<u>2,500,000</u>	<u>(2,998,777)</u>	<u>10,313,904</u>	<u>3,008,777</u>
2004 Mortgage Revenue Bonds	Enterprise	5,235,000	-	(215,000)	5,020,000	220,000
OPWC CT212	Enterprise	24,528	-	(4,460)	20,068	4,460
OPWC CC808	Enterprise	52,013	-	(4,808)	47,205	4,954
OPWC #CC01C	Enterprise	193,630	-	(8,558)	185,072	8,816
OWDA - #3081	Enterprise	301,048	-	(35,843)	265,205	38,001
OWDA - # 1502	Enterprise	1,032,274	-	(114,772)	917,502	124,252
OWDA - #1501	Enterprise	102,149	-	(63,527)	38,622	38,622
OWDA - #4523	Enterprise	1,196,592	2,306,020	(71,400)	3,431,212	-
OWDA #4672	Enterprise	-	838,029	(18,074)	819,955	-
Total Enterprise Funds		<u>8,137,234</u>	<u>3,144,049</u>	<u>(536,442)</u>	<u>10,744,841</u>	<u>439,105</u>
Total All Funds		<u>\$ 18,949,915</u>	<u>\$ 5,644,049</u>	<u>\$ (3,535,219)</u>	<u>\$ 21,058,745</u>	<u>\$ 3,447,882</u>

**VILLAGE OF CANAL WINCHESTER**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2008 and 2007**

**NOTE 5 - DEBT OBLIGATIONS - (Continued)**

**The principal and interest requirements to retire the debt obligations outstanding at December 31, 2007, are as follows:**

Year Ending December 31,	2004 General Obligation Bonds		1999 Various Purpose Bonds	
	Principal	Interest	Principal	Interest
2008	\$ 115,000	\$ 82,460	\$ 175,000	\$ 151,800
2009	115,000	79,585	185,000	143,313
2010	120,000	76,480	190,000	134,340
2011	125,000	73,000	200,000	125,125
2012	125,000	69,094	215,000	114,125
2013-2017	700,000	275,725	1,255,000	381,150
2018-2022	560,000	417,800	605,000	50,325
2023-2024	370,000	25,200	-	-
Totals	<u>\$ 2,230,000</u>	<u>\$ 1,099,344</u>	<u>\$ 2,825,000</u>	<u>\$ 1,100,178</u>

Year Ending December 31,	1994 Water & Sewer Improvement		1993 G.O. Bonds		1992 OPWC Hocking Water	
	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 20,000	\$ 13,445	\$ 60,000	\$ 24,000	\$ 4,460	\$ -
2009	25,000	12,045	60,000	20,400	4,460	-
2010	25,000	10,295	65,000	16,800	4,460	-
2011	25,000	8,520	70,000	12,900	4,460	-
2012	30,000	6,745	70,000	8,700	2,228	-
2013-2015	65,000	7,100	75,000	4,500	-	-
Totals	<u>\$ 190,000</u>	<u>\$ 58,150</u>	<u>\$ 400,000</u>	<u>\$ 87,300</u>	<u>\$ 20,068</u>	<u>\$ -</u>

**VILLAGE OF CANAL WINCHESTER**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2008 and 2007**

**NOTE 5 - DEBT OBLIGATIONS - (Continued)**

Year Ending December 31,	1996 OPWC		2001 OPWC		1999 OPWC		2003 OPWC	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 4,954	\$ 1,378	\$ 39,117	\$ -	\$ 8,816	\$ 5,487	\$ 30,082	\$ -
2009	5,104	1,230	39,117	-	9,083	5,220	30,082	-
2010	5,257	1,075	39,117	-	9,357	4,946	30,082	-
2011	5,416	916	39,117	-	9,640	4,663	30,082	-
2012	5,580	753	39,117	-	9,932	4,371	30,082	-
2013-2017	20,894	1,272	195,584	-	54,347	17,168	150,410	-
2018-2022	-	-	117,348	-	63,070	8,445	150,410	-
2023-2024	-	-	-	-	20,827	626	45,128	-
Totals	<u>\$ 47,205</u>	<u>\$ 6,624</u>	<u>\$ 508,517</u>	<u>\$ -</u>	<u>\$ 185,072</u>	<u>\$ 50,926</u>	<u>\$ 496,358</u>	<u>\$ -</u>

Year Ending December 31,	2002 OPWC		2002 Ohio Public Works		2004 Sewer System Adjustable Rate First Mortgage		1994 OWDA Elevated Water Storage	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 50,781	\$ -	\$ 18,797	\$ -	\$ 220,000	\$ 196,565	\$ 38,001	\$ 17,044
2009	50,781	-	18,797	-	230,000	191,065	40,289	14,821
2010	50,781	-	18,797	-	235,000	184,740	42,714	11,252
2011	50,781	-	18,797	-	240,000	177,690	45,285	8,680
2012	50,781	-	18,797	-	250,000	169,890	48,012	5,955
2013-2017	253,905	-	93,985	-	1,380,000	710,124	50,904	3,064
2018-2022	253,905	-	93,985	-	1,680,000	408,330	-	-
2023-2024	101,555	-	18,804	-	785,000	53,326	-	-
Totals	<u>\$ 863,270</u>	<u>\$ -</u>	<u>\$ 300,759</u>	<u>\$ -</u>	<u>\$ 5,020,000</u>	<u>\$ 2,091,730</u>	<u>\$ 265,205</u>	<u>\$ 60,816</u>

Year Ending December 31,	1989 OWDA Waterline		1989 OWDA Waterline		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 38,622	\$ 5,015	\$ 124,252	\$ 75,786	\$ 947,882	\$ 572,980
2009	-	-	134,515	65,522	947,228	533,201
2010	-	-	145,626	54,411	981,191	494,339
2011	-	-	157,655	42,383	1,021,233	453,877
2012	-	-	170,677	29,360	1,065,206	408,993
2013-2017	-	-	184,777	15,263	4,479,806	1,415,366
2018-2022	-	-	-	-	3,523,718	884,900
2023-2024	-	-	-	-	1,341,314	79,152
Totals	<u>\$ 38,622</u>	<u>\$ 5,015</u>	<u>\$ 917,502</u>	<u>\$ 282,725</u>	<u>\$14,307,578</u>	<u>\$4,842,808</u>

VILLAGE OF CANAL WINCHESTER

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2008 and 2007

NOTE 6 - PROPERTY TAX

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the Village. Real property taxes and public utility taxes are levied after October 1 on the assessed value as of the prior January 1, the tax lien date. Assessed values are established by State law at 35 percent of appraised market value, as established by the County Auditor. All real property is required to be revalued every six years. Real property taxes are payable annually or semiannually. The first payment for 2008 was due December 31, with the remainder payable June 20.

Tangible personal property tax revenues received in 2008 and 2007 (other than public utility property) represent the collection of 2007 and 2006 taxes, respectively. Tangible personal property taxes received in 2008 and 2007 were levied after October 1, 2007 and 2006, on the true value as of December 31, 2007 and 2006. In prior years, tangible personal property assessments were twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. Tangible personal property tax is being phased out - the assessment percentage for property, including inventory, is 6.25% for 2008 and 2007. This percentage will be reduced to zero for 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

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

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

The assessed values of real and tangible personal property upon which 2008 and 2007 property tax receipts were based are as follows:

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Real property tax	\$ 207,635,480	\$ 197,307,750	\$ 187,912,500
Public utility tangible personal property	2,287,720	3,065,630	3,241,910
Tangible personal property	<u>6,727,885</u>	<u>9,036,448</u>	<u>15,770,029</u>
Total assessed valuation	<u>\$ 216,651,085</u>	<u>\$ 209,409,828</u>	<u>\$ 206,924,439</u>

VILLAGE OF CANAL WINCHESTER

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2008 and 2007

NOTE 7 - LOCAL INCOME TAX

This locally levied tax of 2.0% applies to gross salaries, wages and other personal service compensation earned by residents both in and out of the Village and to earnings of nonresidents (except certain transients) earned in the Village. The Village gives a 100% credit to the tax paid to another municipality to the maximum of the total amount assessed. It also applies to the net income of business organizations located within the Village. The City of Columbus administers and collects income taxes for the Village. Payments, net of collection fees, are remitted monthly for tax receipts received by the City of Columbus in the prior month. The Village collected \$4,190,233 in 2008 and collected \$4,119,825 in 2007 in income tax receipts which are received directly into the general fund.

NOTE 8 - PENSION PLAN

Ohio Public Employees Retirement System

**Plan Description** - The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the Combined Plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the Traditional Pension Plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the Member-Directed Plan. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only within the traditional pension plan.

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2008 and 2007, members of PERS contributed 10% (2008) and 9.5% (2007) of their gross salaries. The Village contributed an amount equal to 14% (2008) and 13.85% (2007) of participants' gross salaries. The Village's required contributions for the years ended December 31, 2008, 2007, 2006, and 2005 were \$223,310, \$207,828, \$188,587, and \$178,038. The Village has paid all contributions required through December 31, 2008.

NOTE 9 - POSTRETIREMENT BENEFIT PLANS

Ohio Public Employees Retirement System

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

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

VILLAGE OF CANAL WINCHESTER

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2008 and 2007

NOTE 9 - POSTRETIREMENT BENEFIT PLANS - (Continued)

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

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

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2008, local government employers contributed 14.00% of covered payroll (17.40% for public safety and law enforcement). Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the postemployment health care benefits. The amount of the employer contributions which was allocated to fund post-employment healthcare for 2008 was 7.00% of covered payroll.

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

The Village's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2008, 2007, and 2006 were \$112,625, \$82,531, and \$55,062, respectively; 100% has been contributed for 2008, 2007 and 2006.

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

NOTE 10 - RISK MANAGEMENT

The Village is founding member of the Central Ohio Health Care Consortium, a risk-sharing pool, which provides employee health care benefits for all full-time employees who wish to participate in the plan. The pool consists of seven political subdivisions that pool risk for basic hospital, surgical and prescription drug coverage. The Village pays monthly contributions to the Consortium, which is used to cover claims and administrative costs, and to purchase excess loss insurance for the plan. The Consortium has entered into an agreement for individual and aggregate excess loss coverage with a commercial insurance carrier.

NOTE 11 - SUBSEQUENT EVENT

CONTINGENT LIABILITY/LITIGATION

Ohio Citizen Action v. Village of Canal Winchester  
Case No. 09 CV 331  
United States District Court for the Southern District of Ohio, Eastern Division

This is an action for declaratory relief, preliminary and permanent injunctive relief, and damages. Plaintiff Ohio Citizen Action seeks a declaration that the Village's new ordinance regulating canvassing activities is unconstitutional under the First and Fourth Amendments. The complaint was filed April 27, 2009. The complaint does not request a specific amount of damages. Instead, the complaint merely prays for the Court to award Ohio Citizen Action the costs and reasonable attorney fees it incurs. At this time, the attorney believes the likelihood of a favorable outcome is very good. The Village's municipal insurance provider has assigned insurance defense counsel to represent the Village.

VILLAGE OF CANAL WINCHESTER

NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2008 and 2007

NOTE 12 - INTERFUND TRANSACTIONS

Interfund transfers for the year ended December 31, 2008, consisted of the following, as reported in the fund financial statements:

	<u>Transfer From</u>
<u>Transfer to</u>	<u>General</u>
Nonmajor governmental funds	\$ <u>1,340,882</u>

Interfund transfers for the year ended December 31, 2007, consisted of the following, as reported in the fund financial statements:

	<u>Transfer From</u>
<u>Transfer to</u>	<u>General</u>
Nonmajor Governmental Funds	\$ <u>1,299,207</u>

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

Interfund transfers between governmental funds are eliminated on the government-wide statement of activities - cash basis.



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**REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Members of Village Council  
Village of Canal Winchester, Franklin County  
Canal Winchester, Ohio

We have audited the financial statements of Village of Canal Winchester as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated June 26, 2009 wherein we noted the Village prepared its financial statements on the cash basis, a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

*much more than an accounting firm*

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2008-4141-001.

This report is intended solely for the information and use of the board of directors, management and the Auditor of State and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Jones, Cochenour & Co." with a stylized flourish at the end.

Jones, Cochenour & Co.  
June 26, 2009

VILLAGE OF CANAL WINCHESTER

SCHEDULE OF FINDINGS  
December 31, 2008 and 2007

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

FINDING NUMBER 2008-4141-001

NONCOMPLIANCE CITATIONS

Ohio Revised Code § 5705.36(A)(2) allows all subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources. Pursuant to Ohio Revised Code § 5705.36(A)(3), if legislative authority intends to appropriate and expend any excess revenue, the fiscal officer shall certify the amount of excess to the budget commission, and if the commission determines that the fiscal officer's certification is reasonable, the commission shall certify an amended official certificate reflecting the excess.

Ohio Revised Code § 5705.36(A)(4) requires the fiscal officer to obtain a reduced amended certificate from the budget commission if a deficiency is determined and if the amount of the deficiency will reduce available resources below the current level of appropriation.

Budgeted revenue exceeded actual revenue and appropriations were greater than actual revenue plus unencumbered cash as of December 31, 2007 and 2008 in the following funds:

Fund	Actual Receipts plus 1/1	Actual Receipts	Estimated Receipts	Variance	Appropriations	Variance
<b>12/31/2007</b>						
<b>Special Revenue</b>						
Community Center	\$ 215,845	\$ 198,855	\$ 215,290	\$ (16,435)	\$ 219,790	\$ (3,945)
Mayor's Court	\$ 160,935	\$ 160,550	\$ 185,000	\$ (24,450)	\$ 185,000	\$ (24,065)
<b>12/31/2008</b>						
<b>Special Revenue</b>						
Interurban Project Funds	\$ 36,720	\$ 13,625	\$ 42,000	\$ (28,375)	\$ 50,000	\$ (13,280)
Community Center	\$ 220,250	\$ 186,337	\$ 229,000	\$ (42,663)	\$ 227,500	\$ (7,250)
Issue II	\$ 1,074,591	\$ 1,050,938	\$ 1,121,717	\$ (70,779)	\$ 1,121,717	\$ (47,126)
Street	\$ 788,808	\$ 660,741	\$ 799,900	\$ (139,159)	\$ 899,900	\$ (111,092)
Mayor's Court	\$ 114,051	\$ 113,666	\$ 205,000	\$ (91,335)	\$ 205,000	\$ (90,950)

We recommend the Village analyze the budgetary activity to determine if reduced amended certificates are necessary to assure that the appropriations do not exceed the actual receipts plus the beginning unencumbered cash.

The Village Clerk-Treasurer will monitor this more closely and make modifications when deemed necessary.

**VILLAGE OF CANAL WINCHESTER**

**STATUS OF PRIOR FINDINGS**

December 31, 2008 and 2007

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2002-VOCW-002 2006-4141-001	A material noncompliance citation was issued in the prior audit under Ohio Rev. Code Section 5705.36(A)(4) and 5705.36 (A)(2) for not requesting amended certificates.	No	Village Clerk will monitor more closely.



**Mary Taylor, CPA**  
Auditor of State

**VILLAGE OF CANAL WINCHESTER**  
**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**  
**OCTOBER 1, 2009**