

VILLAGE OF CANAL WINCHESTER, OHIO

***CASH BASIS BASIC
FINANCIAL STATEMENTS***

***FOR THE YEAR ENDED
DECEMBER 31, 2007***

NANISA OSBORN, FINANCE DIRECTOR

VILLAGE OF CANAL WINCHESTER, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
(SEE ACCOUNTANT'S COMPILATION REPORT)**

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

Accountant's Compilation Report

To the Members of Village Council
Canal Winchester, Ohio

We have compiled the cash basis basic financial statements of the governmental activities, business-type activities, each major fund, the aggregate remaining fund information and the budgetary comparison information of the Village of Canal Winchester (the "Village") as of and for the fiscal year ended December 31, 2007 as set forth on the accompanying table of contents, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

The financial statements have been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principals generally accepted in the United States of America.

The management's discussion and analysis, on pages 2 through 11 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have compiled the supplementary information from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.

Julian & Grube, Inc.

Julian & Grube, Inc.
February 25, 2008

VILLAGE OF CANAL WINCHESTER, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2007 (SEE ACCOUNTANT'S COMPILATION REPORT)

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 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.
- Net cash assets for the water enterprise fund increased in 2007 by \$478,326 or 27.25%. The net cash assets for the sewer enterprise fund decreased in 2007 by \$867,112 or 30.06%.

Using this 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, 2007 (SEE ACCOUNTANT'S COMPILATION REPORT)

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 2006? These statements include *only net assets* using the *cash basis of accounting*, which is a basis of accounting other than accounting principals 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, sales tax receipts, current property tax laws in Ohio restricting revenue growth, facility conditions, mandated federal and state programs and other factors.

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

In the Statement of Net Assets – Cash Basis and 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 – Cash Basis can be found on pages 12-14 of this report.

Reporting the Village's Most Significant Funds

Fund Financial Statements

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

Fund financial reports provide detailed information about the Village's major funds. The Village uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the Village's most significant funds. The Village's major governmental funds are the general fund and issue II fund. The analysis of the Village's major governmental funds begins on page 8.

VILLAGE OF CANAL WINCHESTER, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2007 (SEE ACCOUNTANT'S COMPILATION REPORT)

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 principals generally accepted in the United States of America. The governmental fund statements provide a detailed view of the Village's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer cash basis financial resources that can be readily spent to finance various Village programs. Since the Village is reporting on the cash basis of accounting, there are no differences in the Net Assets and fund cash balances or changes in Net Assets and changes in fund cash balances. Therefore, no reconciliation is necessary between such financial statements. However, differences will be apparent when comparing gross revenues and expenses on the Fund Financial Statements to the Statement of Activities – Cash Basis due to transfers between governmental funds being eliminated for reporting in the Statement of Activities – Cash Basis. The governmental fund statements can be found on pages 15-16 of this report.

The Village's budgetary process accounts for certain transactions on a cash basis. The budgetary statement for the General Fund is presented to demonstrate the Village's compliance with annually adopted budgets. The budgetary statement can be found on page 17 of this report.

Proprietary Funds

The Village maintains one type of proprietary fund. Enterprise funds use the same basis of accounting (cash basis) as governmental fund activities; therefore, these statements will essentially match the information provided in statements for the Village as a whole. The Village uses enterprise funds to account for its water, sewer, OWDA and storm water operations. The enterprise fund statements can be found on pages 18-19 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Village's own programs. The Village's only fiduciary fund is an agency fund. Only the cash held at year end for the agency funds are reported on page 20.

Notes to the Financial Statements

The notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21-37 of this report.

VILLAGE OF CANAL WINCHESTER, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
(SEE ACCOUNTANT'S COMPILATION REPORT)

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					
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Total</u>
	<u>2007</u>	<u>2007</u>	<u>2006</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
<u>Assets</u>						
Equity in pooled cash and cash equivalents	\$ 3,375,073	\$ 6,048,614	\$ 3,381,497	\$ 4,657,621	\$ 9,423,687	\$ 8,039,118
Total assets	<u>3,375,073</u>	<u>6,048,614</u>	<u>3,381,497</u>	<u>4,657,621</u>	<u>9,423,687</u>	<u>8,039,118</u>
<u>Net cash assets</u>						
Restricted	499,221	-	1,729,112	-	499,221	1,729,112
Unrestricted	<u>2,875,852</u>	<u>6,048,614</u>	<u>1,652,385</u>	<u>4,657,621</u>	<u>8,924,466</u>	<u>6,310,006</u>
Total net cash assets	<u>\$ 3,375,073</u>	<u>\$ 6,048,614</u>	<u>\$ 3,381,497</u>	<u>\$ 4,657,621</u>	<u>\$ 9,423,687</u>	<u>\$ 8,039,118</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
(SEE ACCOUNTANT'S COMPILATION REPORT)**

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
	<u>2007</u>	<u>2007</u>	<u>2006</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Cash Receipts:						
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	477,900	392,186	-	829,955	392,186
Capital grants and contributions	<u>3,572,595</u>	<u>-</u>	<u>1,700,518</u>	<u>-</u>	<u>3,572,595</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	3,131,187	2,500,000	3,700,000	5,631,187	6,200,000
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>3,213,133</u>	<u>7,788,241</u>	<u>4,803,300</u>	<u>11,375,336</u>	<u>12,591,541</u>
Total cash receipts	<u>13,134,820</u>	<u>7,759,644</u>	<u>10,720,523</u>	<u>8,492,479</u>	<u>20,894,464</u>	<u>19,213,002</u>
Cash Disbursements:						
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	-	4,882,745	-	6,172,613	4,882,745	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>6,368,651</u>	<u>8,372,782</u>	<u>8,429,354</u>	<u>19,490,941</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>

VILLAGE OF CANAL WINCHESTER, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
(SEE ACCOUNTANT'S COMPILATION REPORT)**

Governmental Activities

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

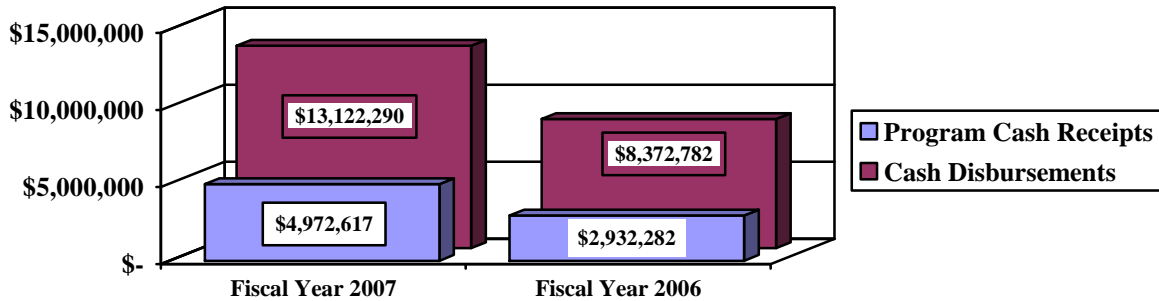
General government represents activities related to the governing body as well as activities that directly support Village programs. In 2007, general government cash disbursements totaled \$1,481,497, or 11.29% of total governmental cash disbursements. General government programs were supported by \$414,211 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 0.79% 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

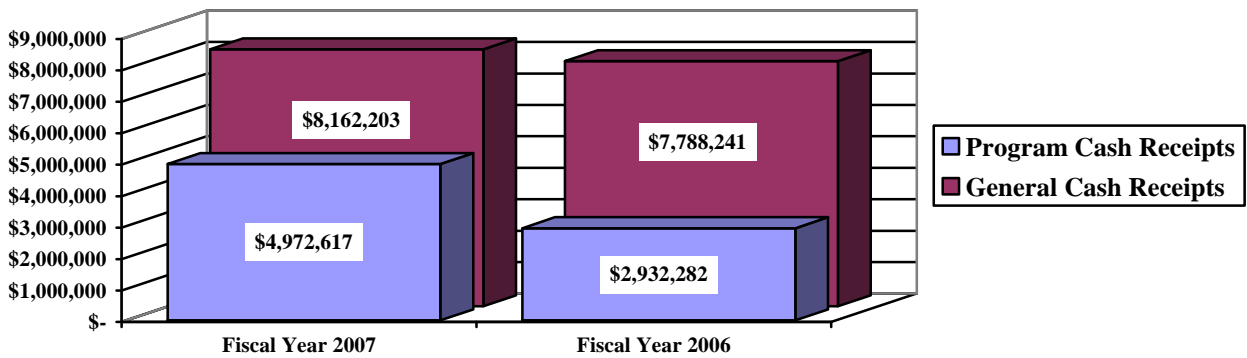
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
(SEE ACCOUNTANT'S COMPILATION REPORT)

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.

	Governmental Activities			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	<u>2007</u>	<u>2007</u>	<u>2006</u>	<u>2006</u>
Cash disbursements:				
Current:				
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
Debt service:				
Principal retirement	2,998,777	2,998,777	483,959	483,959
Interest and fiscal charges	398,635	398,635	284,176	284,176
Total	<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 97.48% 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 \$7,669,217 and cash disbursements of \$6,323,779 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 \$3,131,187 from notes and \$477,900 in EPA grants.

VILLAGE OF CANAL WINCHESTER, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
(SEE ACCOUNTANT'S COMPILATION REPORT)

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>
<u>Cash Receipts:</u>				
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.

VILLAGE OF CANAL WINCHESTER, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
(SEE ACCOUNTANT'S COMPILATION REPORT)

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>
<u>Cash Disbursements</u>				
Security of persons and property	\$ 876,603	\$ 825,816	\$ 50,787	6.15 %
Public health service	38,755	37,118	1,637	4.41 %
Leisure time activity	146,166	261,649	(115,483)	(44.14) %
Community environment	586,110	582,628	3,482	0.60 %
Transportation	635,701	527,927	107,774	20.41 %
General government	1,669,624	1,437,314	232,310	16.16 %
Capital outlay	431,646	243,740	187,906	77.09 %
Total	<u>\$ 4,384,605</u>	<u>\$ 3,916,192</u>	<u>\$ 468,413</u>	11.96 %

Leisure time activity expenditures increased due to more amounts spent on parks and the swimming pool. Transportation expenditures decreased due to less amounts spent on street maintenance and repair. Capital outlay expenditures decreased due to fewer capital asset acquisitions during the year. Overall, cash disbursements increased \$468,413 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 \$1,392,108 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 above 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.

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 \$9,035,910 during fiscal year 2007.

VILLAGE OF CANAL WINCHESTER, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2007
(SEE ACCOUNTANT'S COMPILATION REPORT)

Debt Administration

The Village had the following long-term obligations outstanding at December 31, 2007 and 2006:

	Governmental Activities <u>2007</u>	Governmental Activities <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>
	Business-Type Activities <u>2007</u>	Business-Type Activities <u>2006</u>
Mortgage revenue bonds	\$ 5,020,000	\$ 5,235,000
EPA loan	1,467,891	989,991
OPWC loans	252,345	270,171
OWDA loans	<u>5,472,496</u>	<u>1,435,471</u>
Total long-term obligations	<u>\$ 12,212,732</u>	<u>\$ 7,930,633</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 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.

**CASH BASIS BASIC
FINANCIAL STATEMENTS**

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VILLAGE OF CANAL WINCHESTER, OHIO

STATEMENT OF NET ASSETS - CASH BASIS
 DECEMBER 31, 2007
 (SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Equity in pooled cash and cash equivalents	\$ 3,375,073	\$ 6,048,614	\$ 9,423,687
Total assets.	<u>3,375,073</u>	<u>6,048,614</u>	<u>9,423,687</u>
Net cash assets:			
Restricted for:			
Leisure time activities	70,198	-	70,198
Transportation	336,437	-	336,437
General government	23,887	-	23,887
Other purposes	18,952	-	18,952
Capital projects	49,747	-	49,747
Unrestricted	<u>2,875,852</u>	<u>6,048,614</u>	<u>8,924,466</u>
Total net cash assets	<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, OHIO

STATEMENT OF ACTIVITIES - CASH BASIS
 FOR THE YEAR ENDED DECEMBER 31, 2007
 (SEE ACCOUNTANT'S COMPILATION REPORT)

	Cash Disbursements	Program Cash Receipts		
		Charges for Services	Operating and Contributions	Capital Grants and Contributions
Governmental activities:				
Current:				
Security of persons and property	\$ 876,485	\$ -	\$ -	\$ -
Public health services	38,755	-	-	-
Leisure time activities	367,295	167,004	-	-
Community environment	567,025	375,603	-	-
Transportation	1,153,026	91,020	288,855	-
General government	1,481,497	414,211	23,095	-
Capital outlay	5,240,795	129	40,105	3,572,595
Debt service:				
Principal retirement	2,998,777	-	-	-
Interest and fiscal charges	398,635	-	-	-
Total governmental activities	<u>13,122,290</u>	<u>1,047,967</u>	<u>352,055</u>	<u>3,572,595</u>
Business-Type activities:				
Water	4,882,745	1,674,889	477,900	-
Sewer	1,441,034	2,303,295	-	-
Other enterprise fund:				
Storm Water	<u>44,872</u>	<u>90,427</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>6,368,651</u>	<u>4,068,611</u>	<u>477,900</u>	<u>-</u>
Totals	<u>\$ 19,490,941</u>	<u>\$ 5,116,578</u>	<u>\$ 829,955</u>	<u>\$ 3,572,595</u>

General Cash Receipts and Transfers:

Property and other taxes levied for:	
General purposes	
Special revenue	
Income taxes	
Grants and entitlements not restricted to specific programs.	
Sale of assets	
Sale of notes	
Investment receipts	
Miscellaneous	
Total general cash receipts.	
Change in net cash assets	
Net cash assets at beginning of year.	
Net cash assets at end of year	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

Governmental Activities	Business-type Activities	Total
\$ (876,485)	\$ -	\$ (876,485)
(38,755)	-	(38,755)
(200,291)	-	(200,291)
(191,422)	-	(191,422)
(773,151)	-	(773,151)
(1,044,191)	-	(1,044,191)
(1,627,966)	-	(1,627,966)
(2,998,777)	-	(2,998,777)
(398,635)	-	(398,635)
(8,149,673)	-	(8,149,673)
-	(2,729,956)	(2,729,956)
-	862,261	862,261
-	45,555	45,555
-	(1,822,140)	(1,822,140)
(8,149,673)	(1,822,140)	(9,971,813)
395,149	-	395,149
55,371	-	55,371
4,119,825	-	4,119,825
525,968	-	525,968
2,747	-	2,747
2,500,000	3,131,187	5,631,187
458,524	-	458,524
104,619	81,946	186,565
8,162,203	3,213,133	11,375,336
12,530	1,390,993	1,403,523
3,362,543	4,657,621	8,020,164
\$ 3,375,073	\$ 6,048,614	\$ 9,423,687

VILLAGE OF CANAL WINCHESTER, OHIO

STATEMENT OF ASSETS AND FUND CASH BALANCES
 GOVERNMENTAL FUNDS
 DECEMBER 31, 2007
 (SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>General</u>	<u>Issue II</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in pooled cash and cash equivalents	\$ 2,879,996	\$ 26,652	\$ 468,425	\$ 3,375,073
Total assets	<u>\$ 2,879,996</u>	<u>\$ 26,652</u>	<u>\$ 468,425</u>	<u>\$ 3,375,073</u>
Fund cash balances:				
Reserved for encumbrances.	\$ 291,255	\$ 3,000	\$ 6,660	\$ 300,915
Unreserved, undesignated (deficit), reported in:				
General fund.	2,588,741	-	-	2,588,741
Special revenue funds	-	-	442,814	442,814
Debt service funds.	-	-	(4,144)	(4,144)
Capital projects fund.	-	23,652	23,095	46,747
Total fund cash balances	<u>\$ 2,879,996</u>	<u>\$ 26,652</u>	<u>\$ 468,425</u>	<u>\$ 3,375,073</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

VILLAGE OF CANAL WINCHESTER, OHIO

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH BALANCES
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2007
 (SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>General</u>	<u>Issue II</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash receipts:				
Taxes	\$ 4,514,974	\$ -	\$ 55,371	\$ 4,570,345
Intergovernmental	525,968	3,572,595	322,270	4,420,833
Special assessments	76,527	-	-	76,527
Charges for services	166,633	-	-	166,633
Fines, licenses and permits.	796,488	-	5,429	801,917
Interest.	458,524	-	6,690	465,214
Rental income	-	-	2,890	2,890
Contributions and donations	-	-	23,095	23,095
Other.	97,833	-	6,786	104,619
Total cash receipts	<u>6,636,947</u>	<u>3,572,595</u>	<u>422,531</u>	<u>10,632,073</u>
Cash disbursements:				
Current:				
Security of persons and property	876,485	-	-	876,485
Public health services	38,755	-	-	38,755
Leisure time activities	143,166	-	224,129	367,295
Community environment.	567,025	-	-	567,025
Transportation	560,022	-	593,004	1,153,026
General government	1,481,228	-	269	1,481,497
Capital outlay	426,668	4,762,533	51,594	5,240,795
Debt service:				
Principal retirement	-	2,500,000	498,777	2,998,777
Interest and fiscal charges	-	112,170	286,465	398,635
Total cash disbursements	<u>4,093,349</u>	<u>7,374,703</u>	<u>1,654,238</u>	<u>13,122,290</u>
Excess (deficiency) of cash receipts over (under) cash disbursements	<u>2,543,598</u>	<u>(3,802,108)</u>	<u>(1,231,707)</u>	<u>(2,490,217)</u>
Other financing receipts (disbursements):				
Sale of capital assets	2,747	-	-	2,747
Sale of notes	-	2,500,000	-	2,500,000
Transfers in.	-	-	1,299,207	1,299,207
Transfers out	(1,299,207)	-	-	(1,299,207)
Total other financing receipts (disbursements).	<u>(1,296,460)</u>	<u>2,500,000</u>	<u>1,299,207</u>	<u>2,502,747</u>
Net change in fund cash balances	1,247,138	(1,302,108)	67,500	12,530
Fund cash balances at beginning of year.	<u>1,632,858</u>	<u>1,328,760</u>	<u>400,925</u>	<u>3,362,543</u>
Fund cash balances at end of year	<u>\$ 2,879,996</u>	<u>\$ 26,652</u>	<u>\$ 468,425</u>	<u>\$ 3,375,073</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

VILLAGE OF CANAL WINCHESTER, OHIO

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND CASH
BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2007
(SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary basis receipts:				
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
Total budgetary basis receipts	<u>5,939,737</u>	<u>5,927,929</u>	<u>6,636,947</u>	<u>709,018</u>
Budgetary basis disbursements:				
Current:				
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
Total budgetary basis disbursements	<u>4,787,161</u>	<u>5,079,584</u>	<u>4,384,605</u>	<u>694,979</u>
Excess of budgetary basis receipts over budgetary basis disbursements	<u>1,152,576</u>	<u>848,345</u>	<u>2,252,342</u>	<u>1,403,997</u>
Other financing receipts (disbursements):				
Sale of assets	-	-	2,748	2,748
Transfers out	<u>(1,317,432)</u>	<u>(1,317,432)</u>	<u>(1,299,207)</u>	<u>18,225</u>
Total other financing disbursements	<u>(1,317,432)</u>	<u>(1,317,432)</u>	<u>(1,296,459)</u>	<u>20,973</u>
Net change in fund cash balance	(164,856)	(469,087)	955,883	1,424,970
Fund cash balance at beginning of year	1,467,718	1,467,718	1,467,718	-
Prior year encumbrances appropriated	<u>165,140</u>	<u>165,140</u>	<u>165,140</u>	<u>-</u>
Fund cash balance at end of year	<u>\$ 1,468,002</u>	<u>\$ 1,163,771</u>	<u>\$ 2,588,741</u>	<u>\$ 1,424,970</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

VILLAGE OF CANAL WINCHESTER, OHIO

STATEMENT OF CASH BASIS ASSETS AND NET CASH ASSETS
 ENTERPRISE FUNDS
 DECEMBER 31, 2007
 (SEE ACCOUNTANT'S COMPILATION REPORT)

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

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

VILLAGE OF CANAL WINCHESTER, OHIO

STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN NET CASH ASSETS
 ENTERPRISE FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2007
 (SEE ACCOUNTANT'S COMPILATION REPORT)

	Business-Type Activities - Enterprise Funds			
	Water	Sewer	Other Enterprise	Total
Operating cash receipts:				
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
Total operating cash receipts	1,751,984	2,308,146	90,427	4,150,557
Operating cash disbursements:				
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	3,750,757	37,613	6,745	3,795,115
Other	190,671	-	-	190,671
Total operating cash disbursements	4,531,088	888,524	44,872	5,464,484
Operating cash receipts over (under) operating cash disbursements	(2,779,104)	1,419,622	45,555	(1,313,927)
Nonoperating cash receipts (disbursements):				
Sale of notes.	3,131,187	-	-	3,131,187
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)
Total nonoperating cash receipts (disbursements).	3,257,430	(552,510)	-	2,704,920
Changes in net cash assets.	478,326	867,112	45,555	1,390,993
Net cash assets at beginning of year	1,755,190	2,884,726	17,705	4,657,621
Net cash assets at end of year	\$ 2,233,516	\$ 3,751,838	\$ 63,260	\$ 6,048,614

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

VILLAGE OF CANAL WINCHESTER, OHIO

STATEMENT OF FIDUCIARY ASSETS AND NET CASH ASSETS
FIDUCIARY FUND
DECEMBER 31, 2007
(SEE ACCOUNTANT'S COMPILATION REPORT)

	<u>Agency</u>
Assets:	
Equity in pooled cash and cash equivalents	\$ 385
Total assets	<u>\$ 385</u>
Net cash assets:	
Unrestricted.	\$ 385
Total net cash assets	<u>\$ 385</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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VILLAGE OF CANAL WINCHESTER, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(SEE ACCOUNTANT'S COMPILATION REPORT)**

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 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, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(SEE ACCOUNTANT'S COMPILATION REPORT)

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.

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

VILLAGE OF CANAL WINCHESTER, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(SEE ACCOUNTANT'S COMPILATION REPORT)

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

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 only fiduciary fund is an agency fund which accounts for the Village's Mayor's Court.

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 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.

VILLAGE OF CANAL WINCHESTER, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(SEE ACCOUNTANT'S COMPILATION REPORT)

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

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 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.

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.

VILLAGE OF CANAL WINCHESTER, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(SEE ACCOUNTANT'S COMPILATION REPORT)

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

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 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, 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 2007 was \$458,524 which includes \$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.

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

VILLAGE OF CANAL WINCHESTER, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(SEE ACCOUNTANT'S COMPILATION REPORT)**

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

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 year 2007.

NOTE 3 - 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.

VILLAGE OF CANAL WINCHESTER, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)

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;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section 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.

VILLAGE OF CANAL WINCHESTER, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(SEE ACCOUNTANT’S COMPILATION REPORT)

NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)

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, 2007, the carrying amount of all Village deposits was \$2,197,838 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.

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, 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
	<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.

VILLAGE OF CANAL WINCHESTER, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)

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.

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, 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>

VILLAGE OF CANAL WINCHESTER, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 3 - DEPOSITS AND INVESTMENTS - (Continued)

D. Reconciliation of Cash and Investment to the Statement of Net Assets – Cash Basis

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 4 - DEBT OBLIGATIONS

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

<u>Debt Service Fund:</u>	<u>Balance 12/31/07</u>
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	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, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 4 - 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	96,358
<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>	
2006 EPA loan for water improvements. Total loan proceeds have not been received as of December 31, 2007, therefore no amortization schedule is shown.	989,991
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.	819,955
Total debt obligations:	<u>\$ 22,526,636</u>

VILLAGE OF CANAL WINCHESTER, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 4 - DEBT OBLIGATIONS - (Continued)

Transactions for the year ended December 31, 2007, are summarized as follows:

		Restated Balance 12/31/06	Proceeds	Payments	Balance 12/31/07	Amounts Due in One Year
	Fund Type					
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>
2006 EPA Loan	Enterprise	989,991	477,900	-	1,467,891	-
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>9,127,225</u>	<u>3,621,949</u>	<u>(536,442)</u>	<u>12,212,732</u>	<u>439,105</u>
Total All Funds		<u>\$ 19,939,906</u>	<u>\$ 6,121,949</u>	<u>\$ (3,535,219)</u>	<u>\$ 22,526,636</u>	<u>\$ 3,447,882</u>

VILLAGE OF CANAL WINCHESTER, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 4 - 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	45,000	-	-
Totals	<u>\$ 190,000</u>	<u>\$ 58,150</u>	<u>\$ 400,000</u>	<u>\$ 127,800</u>	<u>\$ 20,068</u>	<u>\$ -</u>

VILLAGE OF CANAL WINCHESTER, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 4 - 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	39,117	-	54,347	17,168	150,410	-
2018-2022	-	-	-	-	63,070	8,445	150,410	-
2023-2024	-	-	-	-	20,827	626	45,128	-
Totals	<u>\$ 47,205</u>	<u>\$ 6,624</u>	<u>\$ 234,702</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	\$ 50,871	\$ -	\$ 18,797	\$ -	\$ 220,000	\$ 196,565	\$ 38,001	\$ 17,044
2009	50,871	-	18,797	-	230,000	191,065	40,289	14,821
2010	50,871	-	18,797	-	235,000	184,740	42,714	11,252
2011	50,871	-	18,797	-	240,000	177,690	45,285	8,680
2012	50,871	-	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>\$ 863,720</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, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(SEE ACCOUNTANT’S COMPILATION REPORT)

NOTE 5 - PROPERTY TAX

Real property taxes become a lien on January 1 proceeding the October 1 date for which rates are adopted by the County. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State and are reflected in the accompanying financial statements as Intergovernmental Receipts. Real property taxes are payable annually or semiannually to the County. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20 of the following year. Under certain circumstances, State statute permits later payment dates to be established.

Public utilities are also taxed on personal and real property located within the Village.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

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

	2007	2006
Real property tax	\$ 197,307,750	\$ 187,912,500
Public utility tangible personal property	3,065,630	3,241,910
Tangible personal property	9,036,448	15,770,029
 Total assessed valuation	 \$ 209,409,828	 \$ 206,924,439

NOTE 6 - 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 \$4,119,825 in 2007 in income tax receipts which are receipted directly into the General Fund.

VILLAGE OF CANAL WINCHESTER, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2007 (SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 7 - PENSION PLAN

Ohio Public Employees Retirement System

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

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 E. Town St., Columbus, OH 43215-4642, by calling (614) 222-5601 or (800) 222-7377 or by visiting the OPERS website at www.opers.org.

For the year ended December 31, 2007, the members of all three plans, except those in law enforcement under the traditional plan, were required to contribute 9.5% of their annual covered salaries. Public safety members contributed 9.75%. Members participating in the traditional plan that were in law enforcement contributed 10.1% of their annual covered salary. The Village's contribution rate for pension benefits for 2007 was 13.85%, except for those plan members in law enforcement and public safety, of which 8.85% was used to fund pension obligations for the period January 1, 2007 through June 30, 2007 and 7.85% was used to fund pension obligations for the period July 1, 2007 through December 31, 2007. For those classifications, the Village's pension contributions were 12.43% of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Village's contributions to the traditional and combined plans for the years ended December 31, 2007, 2006, and 2005 were \$207,828, \$188,587, and \$178,038, respectively; these contributions were sufficient to fulfill the requirements.

NOTE 8 - POSTRETIREMENT BENEFIT PLAN

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits other than Pension Benefits by State and Local Government Employers". A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2007 local government employer contribution rate was 13.85% of covered payroll (16.93% for public safety and law enforcement) of which 5.00% was used to fund postretirement health care for the period January 1, 2007 and 6.00% was used to fund postretirement health care for the period July 1, 2007 through December 31, 2007.

VILLAGE OF CANAL WINCHESTER, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(SEE ACCOUNTANT'S COMPILATION REPORT)**

NOTE 8 - POSTRETIREMENT BENEFIT PLANS - (Continued)

Benefits are advance-funded using the entry age actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2006, include a rate of return on investments of 6.50%, an annual increase in active employee total payroll of 4.00% compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50% and 6.30% based on additional annual pay increases. Health care premiums were assumed to increase at the projected wage inflation rate (4.00%) plus and an additional factor ranging from .50% to 6.00% for the next nine years. In subsequent years, (10 and beyond) health care costs were assumed to increase at 4.00%.

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

The number of active contributing participants in the traditional and combined plans was 374,979 as of December 31, 2007. The Village's actual employer contributions for 2006 which were used to fund postemployment benefits were \$82,531. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2006 (the latest information available) were \$12.0 billion. At December 31, 2006 (the latest information available), the actuarially accrued liability and the unfunded actuarial accrued liability were \$30.7 billion and \$18.7 billion, respectively.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, is effective on January 1, 2007. OPERS took additional actions to improve the solvency of the Health Care Fund in 2005 by creating a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006, and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

NOTE 9 - 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 twelve 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 10 - CONTINGENT LIABILITY

LITIGATION

The Village is not currently involved in litigation that the Village's legal counsel anticipates a loss.

VILLAGE OF CANAL WINCHESTER, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007
(SEE ACCOUNTANT'S COMPILATION REPORT)

NOTE 11 - INTERFUND TRANSACTIONS

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

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