



# Balestra, Harr & Scherer, CPAs, Inc.

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Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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VILLAGE OF ASHVILLE  
PICKAWAY COUNTY

REGULAR AUDIT

For the Years Ended December 31, 2014 and 2013  
Fiscal Years Audited Under GAGAS: 2014 and 2013





# Dave Yost • Auditor of State

Village Council  
Village of Ashville  
200 Station Street  
Ashville, Ohio 43103

We have reviewed the *Independent Auditor's Report* of the Village of Ashville, Pickaway County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2013 through December 31, 2014. 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 Ashville is responsible for compliance with these laws and regulations.

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

Dave Yost  
Auditor of State

June 26, 2015

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**Village of Ashville**  
**Pickaway County, Ohio**  
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*For the Fiscal Years Ended December 31, 2014 and 2013*

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# Balestra, Harr & Scherer, CPAs, Inc.

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## Independent Auditor's Report

Village of Ashville  
Pickaway County  
200 Station Street  
Ashville, Ohio 43103

To the Village Council:

### Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Village of Ashville, Pickaway County, (the Village), as of and for the years ended December 31, 2014 and 2013.

### Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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

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

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

### Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis permitted is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

#### **Adverse Opinion on U.S. Generally Accepted Accounting Principles**

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2014 and 2013, or changes in financial position or cash flows thereof for the years then ended.

#### **Opinion on Regulatory Basis of Accounting**

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Ashville, Pickaway County, as of December 31, 2014 and 2013, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 7, 2015, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standard* in considering the Village's internal control over financial reporting and compliance.

*Balestra, Harr & Scherer, CPAs*

Balestra, Harr & Scherer, CPAs, Inc.  
Worthington, Ohio  
May 7, 2015

**VILLAGE OF ASHVILLE  
PICKAWAY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND  
CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property and Local Taxes	\$ 143,351	\$ -	-	\$ 143,351
Municipal Income Tax	1,026,810	-	-	1,026,810
Intergovernmental	62,559	218,933	2,850	284,342
Charges for Services	332,221	-	-	332,221
Fines, Licenses, and Permits	63,004	1,770	-	64,774
Earnings on Investments	1,737	643	-	2,380
Miscellaneous	4,385	3,103	-	7,488
	<u>1,634,067</u>	<u>224,449</u>	<u>2,850</u>	<u>1,861,366</u>
<b>Total Cash Receipts</b>				
<b>Cash Disbursements:</b>				
Current:				
Security of Persons & Property	752,210	-	-	752,210
Public Health Service	9,811	-	-	9,811
Leisure Time Activities	31,766	-	-	31,766
Community Environment	31,057	-	-	31,057
Basic Utility Services	335,401	-	-	335,401
Transportation	162,437	187,613	-	350,050
General Government	303,161	421	-	303,582
Capital Outlay	98,946	-	2,850	101,796
Debt Service:				
Redemption of Principal	35,602	9,135	-	44,737
Interest and Fiscal Charges	2,616	1,168	-	3,784
	<u>1,763,007</u>	<u>198,337</u>	<u>2,850</u>	<u>1,964,194</u>
<b>Total Cash Disbursements</b>				
<i>Excess of Receipts Over (Under) Disbursements</i>	(128,940)	26,112	-	(102,828)
<b>Other Financing Receipts (Disbursements):</b>				
Proceeds of Notes	26,534	-	-	26,534
	<u>26,534</u>	<u>-</u>	<u>-</u>	<u>26,534</u>
<b>Total Other Financing Receipts (Disbursements)</b>				
<i>Net Change in Fund Cash Balances</i>	(102,406)	26,112	-	(76,294)
Fund Cash Balances, January 1	586,105	158,758	-	744,863
Restricted	-	184,870	-	184,870
Committed	88,852	-	-	88,852
Unassigned	394,847	-	-	394,847
<b>Fund Cash Balances, December 31</b>	<u>\$ 483,699</u>	<u>\$ 184,870</u>	<u>\$ -</u>	<u>\$ 668,569</u>

*The notes to the financial statements are an integral part of this statement.*

VILLAGE OF ASHVILLE  
PICKAWAY COUNTY

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND  
CHANGES IN FUND BALANCES (CASH BASIS)  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<b>Proprietary Fund Type</b>	<b>Fiduciary Fund Type</b>	<b>Totals Only</b>
	<b>Enterprise</b>	<b>Agency</b>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$ 1,125,741	\$ -	\$ 1,125,741
Fines, Licenses & Permits	105	-	105
Total Operating Cash Receipts	1,125,846	-	1,125,846
<b>Operating Cash Disbursements</b>			
Personal services	197,405	-	197,405
Fringe benefits	108,179	-	108,179
Contractual services	249,506	-	249,506
Supplies and Materials	137,941	-	137,941
Other	18,117	-	18,117
Total Operating Cash Disbursements	711,148	-	711,148
<i>Operating Income (Loss)</i>	414,698	-	414,698
<b>Non-Operating Receipts (Disbursements)</b>			
Miscellaneous Receipts	2,756	-	2,756
Other Debt Proceeds	628,798	-	628,798
Capital Outlay	(751,998)	-	(751,998)
Debt Service:			
Principal	(210,948)	-	(210,948)
Interest	(36,451)	-	(36,451)
Other Non-operating Receipts	-	11,655	11,655
Other Non-operating Disbursements	-	(8,645)	(8,645)
Total Non-Operating Receipts (Disbursements)	(367,843)	3,010	(364,833)
<i>Net Change in Fund Cash Balances</i>	46,855	3,010	49,865
Fund Cash Balances, January 1	729,426	13,323	742,749
<b>Fund Cash Balances, December 31</b>	<b>\$ 776,281</b>	<b>\$ 16,333</b>	<b>\$ 792,614</b>

*The notes to the financial statements are an integral part of this statement.*

**VILLAGE OF ASHVILLE  
PICKAWAY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND  
CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property and Local Taxes	\$ 140,519	\$ -	\$ -	\$ 140,519
Municipal Income Tax	1,029,974	-	-	1,029,974
Intergovernmental	96,593	219,340	52,652	368,585
Charges for Services	328,629	-	-	328,629
Fines, Licenses, and Permits	74,079	2,510	-	76,589
Earnings on Investments	2,237	413	-	2,650
Miscellaneous	8,254	4,262	-	12,516
	<u>1,680,285</u>	<u>226,525</u>	<u>52,652</u>	<u>1,959,462</u>
<b>Total Cash Receipts</b>				
<b>Cash Disbursements:</b>				
Current:				
Security of Persons & Property	713,724	-	-	713,724
Public Health Service	8,997	-	-	8,997
Leisure Time Activities	33,184	-	-	33,184
Community Environment	33,445	-	-	33,445
Basic Utility Services	330,775	-	-	330,775
Transportation	152,335	254,373	-	406,708
General Government	310,518	433	-	310,951
Capital Outlay	45,140	34,930	52,652	132,722
Debt Service:				
Redemption of Principal	41,255	4,218	-	45,473
Interest and Fiscal Charges	4,699	672	-	5,371
	<u>1,674,072</u>	<u>294,626</u>	<u>52,652</u>	<u>2,021,350</u>
<b>Total Cash Disbursements</b>				
<i>Excess of Receipts Over (Under) Disbursements</i>	6,213	(68,101)	-	(61,888)
<b>Other Financing Receipts (Disbursements):</b>				
Proceeds of Notes	45,140	25,025	-	70,165
	<u>45,140</u>	<u>25,025</u>	<u>-</u>	<u>70,165</u>
<b>Total Other Financing Receipts (Disbursements)</b>				
<i>Net Change in Fund Cash Balances</i>	51,353	(43,076)	-	8,277
Fund Cash Balances, January 1	534,752	201,834	-	736,586
Restricted	-	158,758	-	158,758
Committed	5,388	-	-	5,388
Unassigned	580,717	-	-	580,717
	<u>586,105</u>	<u>158,758</u>	<u>-</u>	<u>744,863</u>
<b>Fund Cash Balances, December 31</b>				

*The notes to the financial statements are an integral part of this statement.*

**VILLAGE OF ASHVILLE  
PICKAWAY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND  
CHANGES IN FUND BALANCES (CASH BASIS)  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<b>Proprietary Fund Type</b>	<b>Fiduciary Fund Type</b>	<b>(Memorandum Only)</b>
	<b>Enterprise</b>	<b>Agency</b>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$ 1,074,842	\$ -	\$ 1,074,842
Fines, Licenses & Permits	140	-	140
Total Operating Cash Receipts	1,074,982	-	1,074,982
<b>Operating Cash Disbursements</b>			
Personal services	205,786	-	205,786
Fringe benefits	95,921	-	95,921
Contractual services	283,113	-	283,113
Supplies and Materials	146,148	-	146,148
Other	20,881	-	20,881
Total Operating Cash Disbursements	751,849	-	751,849
<i>Operating Income (Loss)</i>	323,133	-	323,133
<b>Non-Operating Receipts (Disbursements)</b>			
Miscellaneous Receipts	13,281		13,281
Other Debt Proceeds	74,921	-	74,921
Capital Outlay	(208,790)	-	(208,790)
Debt Service:			
Principal	(216,663)	-	(216,663)
Interest	(31,505)	-	(31,505)
Other Non-operating Receipts	-	17,662	17,662
Other Non-operating Disbursements	-	(16,952)	(16,952)
Total Non-Operating Receipts (Disbursements)	(368,756)	710	(368,046)
<i>Net Change in Fund Cash Balances</i>	(45,623)	710	(44,913)
Fund Cash Balances, January 1	775,049	12,613	787,662
<b>Fund Cash Balances, December 31</b>	<b>\$ 729,426</b>	<b>\$ 13,323</b>	<b>\$ 742,749</b>

*The notes to the financial statements are an integral part of this statement.*

**VILLAGE OF ASHVILLE  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Ashville, Pickaway County, Ohio, (the Village) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides water and sewer utilities, waste removal services, park operations (leisure time activities), and police services. The Village contracts with Harrison Township for fire protection services.

The Village participates in three jointly governed organizations, and the Ohio Plan Risk Management, Inc. (OPRM). Notes 8 and 9 to the financial statements provide additional information for these entities. These organizations are:

North Gate Alliance Cooperative Economic Development Agreement (CEDA) – the Village Council approved an agreement with the Pickaway County Board of Commissioners, Harrison Township, and the Village of South Bloomfield to cooperate in creating and preserving jobs and employment opportunities and to cooperate in including and fostering economic development. See Note 9 for further information.

Northern Pickaway County Joint Economic Development District (JEDD) – The Village Council approved formation of this JEDD with the City of Columbus and Harrison Township. The parties have entered into a contract to create and provide for the operation of the JEDD in accordance with Sections 715.72 through 715.83 of the Ohio Revised Code. See Note 9 for further information.

Madison Township Joint Economic Development District (JEDD) – The Village Council approved formation of this JEDD with the City of Columbus and Madison Township. The parties have entered into a contract to create and provide for the operation of the JEDD in accordance with Sections 715.72 through 715.83 of the Ohio Revised Code. See Note 9 for further information.

Ohio Plan Risk Management, Inc (OPRM) - Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

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

**B. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

**VILLAGE OF ASHVILLE  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. Accounting Basis (continued)**

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**C. Deposits and Investments**

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

**D. Fund Accounting**

The Village uses fund accounting to segregate cash that is restricted as to use. The Village classifies its funds into the following types:

**1. General Fund:**

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

**2. Special Revenue Funds:**

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

*Street Construction, Maintenance and Repair Fund* – This fund receipts gasoline tax and motor vehicle tax money to construct, maintain and repair Village streets.

*Permissive Motor Vehicle License Tax Fund* – This fund receipts permissive motor vehicle tax money to maintain and repair roads that run through the Village.

**3. Capital Projects Funds:**

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project fund:

*Grant Commission Fund* – This fund is used to record construction related payments made on-behalf of the Village.

**VILLAGE OF ASHVILLE  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Fund Accounting (continued)**

**4. Enterprise Funds:**

These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

*Water Fund* – This fund receives charges for services from residents to cover the cost of providing water services.

*Sewer Fund* - This fund receives charges for services from residents to cover the cost of providing sewer services.

*Storm Water Fund* - This fund receives charges for services from residents to cover the cost of providing sewer services.

**5. Fiduciary Funds (Agency Funds):**

Fiduciary funds include an agency fund, which is purely custodial in nature and used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency funds account for Mayor's Court activity and to hold and disburse monies related to development within the Village.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object by department level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

VILLAGE OF ASHVILLE  
PICKAWAY COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgetary Process (continued)

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2014 and 2013 budgetary activity appears in Note 3.

F. Fund Balance

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

1. Nonspendable

The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

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

3. Committed

Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

5. Unassigned

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

**VILLAGE OF ASHVILLE  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**F. Fund Balance (continued)**

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

**G. Property, Plant and Equipment**

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

**H. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS**

The Village maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	<u>2014</u>	<u>2013</u>
Demand deposits	\$1,461,183	\$1,487,612
Total deposits:	<u>\$1,461,183</u>	<u>\$1,487,612</u>

**Deposits:** The Village's deposits are insured by the Federal Deposit Insurance Corporation, or collateralized by securities specifically pledged by the financial institution to the Village.

**VILLAGE OF ASHVILLE  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2014 and December 31, 2013, was as follows:

**2014 Budgeted vs. Actual Receipts**

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$1,652,690	\$1,660,601	\$7,911
Special Revenue	208,900	224,449	15,549
Capital Projects	2,850	2,850	0
Enterprise	<u>2,153,778</u>	<u>1,757,400</u>	<u>(396,378)</u>
Total	<u>\$4,018,218</u>	<u>\$3,645,300</u>	<u>(\$372,918)</u>

**2014 Budgeted vs. Actual Budgetary Basis Expenditures**

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Disbursements</u>	<u>Variance</u>
General	\$2,204,587	\$1,851,859	\$352,728
Special Revenue	367,785	217,670	150,115
Capital Projects	2,850	2,850	0
Enterprise	<u>2,878,351</u>	<u>2,166,349</u>	<u>712,002</u>
Total	<u>\$5,453,573</u>	<u>\$4,238,728</u>	<u>\$1,214,845</u>

**2013 Budgeted vs. Actual Receipts**

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$1,886,693	\$1,725,425	(\$161,268)
Special Revenue	337,012	251,550	(85,462)
Capital Projects	52,652	52,652	0
Enterprise	<u>3,242,198</u>	<u>1,163,184</u>	<u>(2,079,014)</u>
Total	<u>\$5,518,555</u>	<u>\$3,192,811</u>	<u>(\$2,325,744)</u>

**VILLAGE OF ASHVILLE  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

**3. BUDGETARY ACTIVITY (CONTINUED)**

**2013 Budgeted vs. Actual Budgetary Basis Expenditures**

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Disbursements</u>	<u>Variance</u>
General	\$2,282,528	\$1,668,684	\$613,844
Special Revenue	404,308	295,118	109,190
Capital Projects	52,652	52,652	0
Enterprise	<u>2,984,426</u>	<u>2,301,690</u>	<u>682,736</u>
Total	<u>\$5,723,914</u>	<u>\$4,318,144</u>	<u>\$1,405,770</u>

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

**5. LOCAL INCOME TAX**

The Village levies a municipal income tax of 1 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Income tax collections are processed by the Regional Income Tax Agency (RITA). RITA collects the income tax on-behalf of the Village and remits it to the Village. The tax payments received from RITA are recorded in the accompanying financial statements as municipal income tax receipts.

Employers within the Village and employers of Village residents withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**VILLAGE OF ASHVILLE  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

**6. DEBT**

Debt outstanding at December 31, 2014 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OWDA Loan #6251*	\$591,425	3.86%
Bank Loan – Sewage System	357,531	3.75%
Bank Loan – Backhoe	34,577	3.00%
Bank Loan – 2013 Cruiser #1	10,797	3.00%
Bank Loan – 2013 Cruiser #2	14,886	3.00%
Bank Loan - 2014 Cruiser	26,534	3.00%
Bank Loan – Dump Truck	51,121	2.90%
General Obligation Bonds	26,497	3.00%
Total	<u>\$1,113,368</u>	

The Ohio Water Development Authority (OWDA) loan relates to an ongoing fresh water project. The OWDA has approved financing up to \$1,110,000 for this project; as of December 31, 2014 project expenditures were \$661,154. An amortization schedule is not available yet.

The Village issued FmHA Mortgage Revenue Bonds in 1989 for the construction of a sewage system. During 2011 the Village obtained a bank loan at a lower interest rate and used the proceeds to retire the outstanding FmHA mortgage revenue bonds. The new loan, with an original amount of \$424,764, accrues interest at 3.75% and is payable in semi-annual payments of \$18,639 through 2026.

The above loans are collateralized by water and sewer receipts.

In 2010, the Village issued \$125,000 of General Obligation Bonds to finance expansion of its municipal building. The bonds were issued through a local bank. Principal and interest are payable in annual installments of \$27,295 through 2015, and are paid from the General Fund.

In 2012 the Village obtained a bank loan, for purchase of a backhoe, for \$55,986. The loan accrues interest at 3% and is payable in annual installments of \$12,225, including interest, 2013 through 2017.

In 2013 the Village obtained two bank loans, for the purchase of two cruisers, for \$21,035 and \$24,105, respectively. These loans accrue interest at 3% and are payable in annual installments of \$5,659 and \$5,267, respectively, including interest, through 2017.

In 2013 the Village obtained a bank loan, for the purchase of a dump truck, for \$71,500. The loan accrues interest at 2.90% and is payable in bi-annual installments of \$7,733, including interest, through 2018.

In 2014 the Village obtained a bank loan, for the purchase of a cruiser, for \$26,534. The loan accrues interest at 3% and is payable in annual installments of \$9,315, including interest, through 2017.

In addition to the debt listed above, the Village agreed to guarantee a portion of a \$500,000 loan made by the Ohio Department of Development to the Pickaway Progress Partnership (P3), which is the area community improvement corporation. The Village's guarantee is limited to \$20,000, and was required to be made from a dedicated account; to meet this compliance requirement the Village Council authorized an appropriation of \$20,000 with resolution 10 – 2097 from the General Fund.

**VILLAGE OF ASHVILLE  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

**6. DEBT (CONTINUED)**

Amortization of the above debt, including interest, is scheduled as follows:

	Bank Loan Sewage	Bank Loan Backhoe	Bank Loan Cruiser #1	Bank Loan Cruiser #2
Year Ending December 31:				
2015	\$37,279	\$12,225	\$5,659	\$5,264
2016	37,279	12,225	5,659	5,264
2017	37,279	12,225	0	5,264
2018	37,279	0	0	0
2019	37,279	0	0	0
2020-2024	186,393	0	0	0
2025-2027	74,551	0	0	0
Totals	<u>\$447,339</u>	<u>\$36,675</u>	<u>\$11,318</u>	<u>\$15,792</u>

	Bank Loan 2014 Cruiser	Bank Loan Dump Truck	General Obligation Bonds
Year Ending December 31:			
2015	\$9,315	\$15,466	\$27,295
2016	9,315	15,466	0
2017	9,315	15,466	0
2018	0	7,733	0
2019	0	0	0
Totals	<u>\$27,945</u>	<u>\$54,131</u>	<u>\$27,295</u>

\*The loan for OWDA 6251 has not been finalized; therefore, an amortization schedule is not available.

**7. RETIREMENT SYSTEMS**

The Village's law enforcement officers belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability.

Contribution rates are also prescribed by the Ohio Revised Code. From January 1, 2013 through June 30, 2013, OP&F participants contributed 10% of their wages, from July 1, 2013 through June 30, 2014, OP&F participants contributed 10.75% of their wages, from July 1, 2014 through December 31, 2014, OP&F participants contributed 11.5% of their wages. The Village contributed an amount equal to 19.5% of police participant wages. PERS members contributed 10% of gross wages. The Village contributed an amount equal to 14% of participants' gross wages. The Village has paid all contributions required through December 31, 2014.

**VILLAGE OF ASHVILLE  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

**8. RISK MANAGEMENT**

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 767 and 774 members as of December 31, 2012 and 2013 respectively.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2012 and 2013 (the latest information available).

	<u>2012</u>	<u>2013</u>
Assets	\$13,100,381	\$13,774,304
Liabilities	(6,687,193)	(7,968,395)
Members' Equity	<u>\$6,413,188</u>	<u>\$5,805,909</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**9. JOINT VENTURES**

North Gate Alliance Co-operative Economic Development Agreement (CEDA) – The CEDA agreement addresses the issues of utility services, annexation, road maintenance, fire and emergency service, and joint planning in the CEDA area, which includes the Village. The North Gate Alliance CEDA also provides for the sharing of income tax on any new businesses locating in the agreement area.

**VILLAGE OF ASHVILLE  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

**9. JOINT VENTURES (CONTINUED)**

Northern Pickaway County Joint Economic Development District (JEDD) – this JEDD was created to facilitate economic development to create or preserve jobs and employment opportunities and to improve the economic welfare of the people in the State of Ohio, Pickaway County, the Village, the City of Columbus, and Harrison Township. The contracting parties have previously contributed an aggregate amount of \$18,468 to pay initial formation, administration and other costs related to the District. The Village did not contribute funds to the formation of the District, but agreed to the annexation moratorium described below. A Board of Directors has been established, which includes one member representing Columbus, one representing Harrison Township, and one member selected by the two members described above.

The Board shall adopt bylaws and procedures for the regulations of the affairs of the Board and the conduct of business of the Board consistent with the Contract including the election of Board officers, the holdings and conducting of regular and special meetings, obtaining fiduciary bonds in connection with the Board's duties, the appropriations procedures to provide for payment of the expenses of the District and distribution of income tax revenues pursuant to the Contract, and the purchasing of goods and services and the making of capital improvements. The District's fiscal year is a calendar year, and the Board adopts an annual budget.

Overriding the JEDD agreement is an Annexation Moratorium Agreement (the "Agreement") dated August 30, 2007 by and among the City of Columbus, Ohio ("Columbus"), the Village, the Village of South Bloomfield, Ohio ("South Bloomfield"), and Harrison Township. This agreement established a 50-year moratorium on annexation of an area of land bounded by Harrison Township line in the east, the Scioto River in the west and Duvall Road in the south by any of the municipalities that are a party to the agreement.

Madison Township Joint Economic Development District (JEDD) - this JEDD was created to facilitate economic development to create or preserve jobs and employment opportunities and to improve the economic welfare of the people in the State of Ohio, Pickaway County, the Village, the City of Columbus, and Madison Township. A Board of Directors has been established, which includes one member representing Columbus, one representing Madison Township, and one member selected by the other two members described above. The Board shall adopt bylaws and procedures for the regulations of the affairs of the Board and the conduct of business of the Board consistent with the Contract including the election of Board officers, the holdings and conducting of regular and special meetings, obtaining fiduciary bonds in connection with the Board's duties, the appropriations procedures to provide for payment of the expenses of the District and distribution of income tax revenues pursuant to the Contract, and the purchasing of goods and services and the making of capital improvements. The District's fiscal year shall be the calendar year. The Board shall adopt an annual budget for the District.

**10. CONTINGENT LIABILITIES**

Amounts received from grantor agencies are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.



# Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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

Village of Ashville  
Pickaway County  
200 Station Street  
Ashville, Ohio 43103

To the Village Council:

We have audited, in accordance with the auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Village of Ashville, Pickaway County, (the Village) as of and for the years ended December 31, 2014 and 2013 and the related notes to the financial statements, and have issued our report thereon dated May 7, 2015, wherein we noted the Village followed financial reporting provisions that Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

### Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2014-001 described in the accompanying schedule of findings to be a material weakness.

### **Compliance and Other Matters**

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

### **Entity's Response to Findings**

The Village's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Village's response and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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

*Balestra, Harr & Scherer, CPAs*

Balestra, Harr & Scherer, CPAs, Inc.  
Worthington, Ohio  
May 7, 2015

**Village of Ashville**  
**Pickaway County**  
**Schedule of Findings**  
**December 31, 2014 and 2013**

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

<b>FINDING NUMBER</b>	<b>2014-001</b>
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**MATERIAL WEAKNESS**

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

Material and immaterial misstatements were identified during the course of the audit which have not been prevented or detected by the Village's internal controls over financial reporting. Misstatements were identified in the following areas:

- Property Tax revenues,
- Municipal Income Tax revenues,
- Intergovernmental revenues,
- General Government expense,
- Principal Payments expense,
- Interest and Fiscal Charges expense,
- Other Financing Sources
- Other Financing Uses
- Transfers In
- Transfers Out
- Fund Balance

All of the above noted adjustments have been posted to the financial statements and to the Village's UAN accounting system.

To ensure the Village's financial statements and notes to the financial statements are complete and accurate, we recommend the Fiscal Officer review the Ohio Village Officer's Handbook for guidance on the correct line item to post various receipts and expenditures of the Village.

**Client Response:** The Fiscal Officer will be more aware of proper posting of revenues and expenditures.

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# Dave Yost • Auditor of State

**VILLAGE OF ASHVILLE**

**PICKAWAY 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  
JULY 9, 2015**