



Dave Yost • Auditor of State

VILLAGE OF ASHVILLE
PICKAWAY COUNTY

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Dave Yost • Auditor of State

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

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your Village to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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

Dave Yost
Auditor of State

September 15, 2011

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Village Council:

We have audited the accompanying financial statements of Village of Ashville, Pickaway County, Ohio (the Village) as of and for the years ended December 31, 2010 and 2009. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2010 and 2009 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2010 and 2009, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Village of Ashville, Pickaway County, Ohio as of December 31, 2010 and 2009, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2011, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Dave Yost
Auditor of State

September 15, 2011

**VILLAGE OF ASHVILLE
PICKAWAY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Governmental Fund Types			Totals
	General	Special Revenue	Capital Projects	(Memorandum Only)
Cash Receipts:				
Property and Local Taxes	\$ 140,526	\$ -	\$ -	\$ 140,526
Municipal Income Tax	889,281	-	-	889,281
Intergovernmental	101,353	197,478	28,921	327,752
Charges for Services	371,468	-	-	371,468
Fines, Licenses and Permits	70,332	7,005	-	77,337
Earnings on Investments	20,659	2,047	-	22,706
Miscellaneous	7,005	4,758	-	11,763
Total Cash Receipts	1,600,624	211,288	28,921	1,840,833
Cash Disbursements:				
Current:				
Security of Persons & Property	629,429	-	-	629,429
Public Health Services	13,227	-	-	13,227
Leisure Time Activities	33,154	-	-	33,154
Community Environment	19,014	-	-	19,014
Basic Utility Services	383,564	-	-	383,564
Transportation	140,048	155,855	-	295,903
General Government	467,118	528	-	467,646
Capital Outlay	-	-	28,921	28,921
Total Cash Disbursements	1,685,554	156,383	28,921	1,870,858
Total Receipts Over/(Under) Disbursements	(84,930)	54,905	-	(30,025)
Other Financing Receipts/(Disbursements):				
Sale of Bonds	125,000	-	-	125,000
Other Financing Uses	(110,770)	-	-	(110,770)
Total Other Financing Receipts/(Disbursements)	14,230	-	-	14,230
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements And Other Financing Disbursements	(70,700)	54,905	-	(15,795)
Fund Cash Balance, January 1	840,321	149,729	-	990,050
Fund Cash Balance, December 31	\$ 769,621	\$ 204,634	\$ -	\$ 974,255
Reserve for Encumbrances, December 31	\$ 62,510	\$ 2,439	\$ -	\$ 64,949

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

**VILLAGE OF ASHVILLE
PICKAWAY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts:			
Charges for Services	\$ 972,368	\$ -	\$ 972,368
Fines, Licenses and Permits	490	-	490
Total Operating Cash Receipts	972,858	-	972,858
Operating Cash Disbursements:			
Current:			
Personal Services	214,741	-	214,741
Employee Fringe Benefits	105,864	-	105,864
Contractual Services	329,725	-	329,725
Supplies and Materials	107,876	-	107,876
Other	9,580	-	9,580
Total Operating Cash Disbursements	767,786	-	767,786
Operating Income/(Loss)	205,072	-	205,072
Non-Operating Receipts/Disbursements			
Intergovernmental	123,288	-	123,288
Miscellaneous Receipts	-	10,846	10,846
Capital Outlay	(121,008)	-	(121,008)
Redemption of Principal	(139,587)	-	(139,587)
Interest and Other Fiscal Charges	(67,711)	-	(67,711)
Other Non Operating Disbursements	-	(12,168)	(12,168)
Total Non-Operating Receipts/Disbursements	(205,018)	(1,322)	(206,340)
Income/(Loss)	54	(1,322)	(1,268)
Fund Cash Balance, January 1	1,029,345	3,933	1,033,278
Fund Cash Balance, December 31	\$ 1,029,399	\$ 2,611	\$ 1,032,010
Reserve for Encumbrances, December 31	\$ 1,443		\$ 1,443

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

**VILLAGE OF ASHVILLE
PICKAWAY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Governmental Fund Types		Totals
	General	Special Revenue	(Memorandum Only)
Cash Receipts:			
Property and Local Taxes	\$ 143,047	\$ -	\$ 143,047
Municipal Income Tax	841,285	-	841,285
Intergovernmental	122,017	222,641	344,658
Charges for Services	167,860	-	167,860
Fines, Licenses and Permits	90,230	13,760	103,990
Earnings on Investments	29,753	977	30,730
Miscellaneous	14,347	1,177	15,524
	<u>1,408,539</u>	<u>238,555</u>	<u>1,647,094</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Security of Persons & Property	646,443	-	646,443
Public Health Services	12,120	-	12,120
Leisure Time Activities	18,908	1,876	20,784
Community Environment	28,621	-	28,621
Basic Utility Services	153,796	-	153,796
Transportation	138,009	207,191	345,200
General Government	290,207	772	290,979
	<u>1,288,105</u>	<u>209,839</u>	<u>1,497,944</u>
Total Cash Disbursements			
Total Receipts Over Disbursements	<u>120,434</u>	<u>28,716</u>	<u>149,150</u>
Other Financing (Disbursements):			
Other Financing Uses	<u>(18,819)</u>	<u>-</u>	<u>(18,819)</u>
Total Other Financing (Disbursements)	<u>(18,819)</u>	<u>-</u>	<u>(18,819)</u>
Excess of Cash Receipts Over Cash Disbursements And Other Financing Disbursements	101,615	28,716	130,331
Fund Cash Balance, January 1	<u>738,706</u>	<u>121,013</u>	<u>859,719</u>
Fund Cash Balance, December 31	<u>\$ 840,321</u>	<u>\$ 149,729</u>	<u>\$ 990,050</u>
Reserve for Encumbrances, December 31	<u>\$ -</u>	<u>\$ 400</u>	<u>\$ 400</u>

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

**VILLAGE OF ASHVILLE
PICKAWAY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals</u>
	<u>Enterprise</u>	<u>Agency</u>	<u>(Memorandum Only)</u>
Operating Cash Receipts:			
Charges for Services	\$ 1,238,505	\$ -	\$ 1,238,505
Fines, Licenses and Permits	1,190	-	1,190
 Total Operating Cash Receipts	 <u>1,239,695</u>	 <u>-</u>	 <u>1,239,695</u>
Operating Cash Disbursements:			
Current:			
Personal Services	215,453	-	215,453
Employee Fringe Benefits	80,879	-	80,879
Contractual Services	203,748	-	203,748
Supplies and Materials	85,799	-	85,799
Other	31,643	-	31,643
 Total Operating Cash Disbursements	 <u>617,522</u>	 <u>-</u>	 <u>617,522</u>
 Operating Income	 <u>622,173</u>	 <u>-</u>	 <u>622,173</u>
Non-Operating Receipts/Disbursements			
Intergovernmental	720	-	720
Miscellaneous Receipts	3,949	38,042	41,991
Capital Outlay	(250,363)	-	(250,363)
Redemption of Principal	(151,038)	-	(151,038)
Interest and Other Fiscal Charges	(75,124)	-	(75,124)
Other Non-Operating Disbursements	-	(45,868)	(45,868)
 Total Non-Operating Receipts/Disbursements	 <u>(471,856)</u>	 <u>(7,826)</u>	 <u>(479,682)</u>
 Income/(Loss)	 150,317	 (7,826)	 142,491
 Fund Cash Balance, January 1	 <u>879,028</u>	 <u>11,759</u>	 <u>890,787</u>
 Fund Cash Balance, December 31	 <u>\$ 1,029,345</u>	 <u>\$ 3,933</u>	 <u>\$ 1,033,278</u>
 Reserve for Encumbrances, December 31	 <u>\$ 228,093</u>	 <u>\$ -</u>	 <u>\$ 228,093</u>

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, 2010 AND 2009**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Ashville, Pickaway County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, and police services. The Village contracts with Harrison Township to receive fire protection services.

Joint Ventures:

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 inducing and fostering economic development. See Note 9 for further information related to this joint venture.

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 Section 715.72 through 715.83 of the Revised Code. See Note 9 for further information related to this joint venture.

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 Section 715.72 through 715.83 of the Revised Code. See Note 10 for further information related to this joint venture.

The Village's management believes these financial statements present 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).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

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.

Certificates of deposit are valued at cost plus accumulated interest earned..

**VILLAGE OF ASHVILLE
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting

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

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

State Highway Fund – This fund received gasoline tax and motor vehicle tax money for the purchasing of materials and supplies for the maintenance of roads. This fund is used only to purchase supplies, not to pay wages.

3. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project fund: Intersection improvements, SR 752 & Long Street.

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 water service costs.

Sewer Fund - This fund receives charges for services from residents to cover sewer service costs.

Storm Water Fund – This fund receives charges for service from residents to cover storm water service costs.

**VILLAGE OF ASHVILLE
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

5. Fiduciary Funds

Fiduciary funds include an agency fund. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by outside parties. The Village's agency fund is used as a revolving fund to account for monies held and disbursed 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 level of control and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. 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 also approve estimated resources.

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 2010 and 2009 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

G. 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 Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

**VILLAGE OF ASHVILLE
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

2. Equity in Pooled Deposits and Investments (Continued)

	2010	2009
Demand deposits	\$1,171,118	\$1,113,047
Certificates of deposit	835,147	910,281
Total deposits and investments	\$2,006,265	\$2,023,328

Deposits: Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

Investments: All investments held by the Village are certificates of deposit.

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2010 and 2009 follows:

2010 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,608,862	\$1,725,624	\$116,762
Special Revenue	191,799	211,288	19,489
Capital Projects	950,108	28,921	(921,187)
Enterprise	1,334,185	1,096,146	(238,039)
Total	\$4,084,954	\$3,061,979	(\$1,022,975)

2010 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,335,660	\$1,858,834	\$476,826
Special Revenue	426,920	158,822	268,098
Capital Projects	825,108	28,921	796,187
Enterprise	2,337,016	1,097,535	1,239,481
Total	\$5,924,704	\$3,144,112	\$2,780,592

2009 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,321,090	\$1,408,539	\$87,449
Special Revenue	273,590	238,555	(35,035)
Enterprise	1,302,767	1,244,364	(58,403)
Total	\$2,897,447	\$2,891,458	(\$5,989)

**VILLAGE OF ASHVILLE
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

3. Budgetary Activity (Continued)

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,035,885	\$1,306,924	\$728,961
Special Revenue	546,887	210,239	336,648
Enterprise	2,054,250	1,322,140	732,110
Total	\$4,637,022	\$2,839,303	\$1,797,719

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.

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.

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 those whose employees live within the Village withhold income tax on employee compensation and remit the tax to RITA either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

6. Debt

Debt outstanding at December 31, 2010 was as follows:

	Principal	Interest Rate
OPWC ISSUE II LOAN	\$97,200	0.00%
OWDA LOAN #2940	31,202	6.58%
OWDA LOAN #2941	8,949	7.38%
OWDA LOAN #2942	465,499	6.58%
FmHA Bond	423,938	6.25%
General Obligation Bonds	125,000	3.00%
TOTAL	\$721,939	

**VILLAGE OF ASHVILLE
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

6. Debt (Continued)

The Village has a Project Loan Agreement with the Ohio Public Works Commission Issue II Program for a project named "Elevated Water Tower Improvements". This loan is interest free and is to be paid back in semi-annual payments of \$10,800.

The Ohio Water Development Authority (OWDA) loans relate to a water and sewer plant expansion project that was mandated by the Ohio Environmental Protection Agency (EPA). The OWDA has approved three different loans. The first loan is to be paid back in semi-annual payments of \$68,064, including interest. The second loan is to be paid back in semi-annual payments of \$4,562, including interest. The third loan is to be paid back in semi-annual payment so \$1,333, including interest. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Village issued an FmHA Mortgage Revenue Bond in 1989 for the construction of a sewage system. The Village makes payments annually based on an amended amortization schedule. The amounts paid each year vary due to the Village's accelerated principal payments made.

The Village has a Project Loan Agreement with the Ohio Public Works Commission State Capital Improvement Program for a project named "Randolph Street Stormwater Improvements". This loan is interest free and is to be paid back in semi-annual payments of \$1,001.

These loans are collateralized by water and sewer receipts.

In 2010, the Village issued \$125,000 of general obligation bonds to finance expansion of the municipal building. The notes were issued through a local bank. Debt payments and interest are payable in annual installments. Debt is paid from the Village's General fund.

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

Year ending December 31:	OPWC Issue II Loan	OWDA Loan #2940	OWDA Loan #2941	OWDA Loan #2942	FmHA Bond	General Obligation Notes
2011	\$21,600	\$9,125	\$2,665	\$136,128	\$40,096	\$27,295
2012	21,600	9,125	2,665	136,128	39,646	27,295
2013	21,600	9,125	2,665	136,128	39,671	27,295
2014	32,400	9,125	2,665	136,128	39,640	27,295
2015	0	0	0	0	39,652	27,295
2016-2020	0	0	0	0	522,033	0
Total	<u>\$97,200</u>	<u>\$36,499</u>	<u>\$10,659</u>	<u>\$544,514</u>	<u>\$720,739</u>	<u>\$136,475</u>

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, 2010 AND 2009
(Continued)**

7. Retirement Systems

The Village's full-time Police Officers belong to the Police and Fire Pension fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plants. The Ohio Revised Code prescribes these plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2009 and 2010, OP&F participants contributed 10% of their wages. For 2009 and 2010, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2009 and 2010, OPERS members contributed 10% and 9.5%, respectively, of their gross salaries and the Village contributed an amount equaling 14% and 13.85%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2010.

8. Risk Management

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

The Village also provides health insurance and dental coverage to full-time employees through a private carrier.

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years. The Village has not incurred significant reduction in insurance coverage from the prior year by category or risk.

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.

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 of Ashville 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 shall be the calendar year. The Board shall adopt an annual budget for the District.

**VILLAGE OF ASHVILLE
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

9. Joint Ventures (Continued)

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. Subsequent Event

In January 2011 the Village received a capital grant from the Ohio Public Works Commission in the amount of \$825,108.



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' 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 the financial statements of the Village of Ashville, Pickaway County, Ohio (the Village) as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated September 15, 2011, wherein we noted the Village prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also noted the Village uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Village. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2010-001 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, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated September 15, 2011.

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

We intend this report solely for the information and use of management, the Village Council, and others within the Village. We intend it for no one other than these specified parties.



Dave Yost
Auditor of State

September 15, 2011

VILLAGE OF ASHVILLE
PICKAWAY COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009

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

FINDING NUMBER 2010-001

Financial Reporting – Material Weakness

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

Sixteen audit adjustments and reclassifications (ranging in amounts from \$19 to \$151,038) were posted to the Village's financial statements. Errors included a restatement of beginning fund balances and incorrect revenue and expenditure classifications; the Village's financial statements and accounting records, where applicable, have been adjusted to accurately reflect these adjustments. In addition there was one adjustment that was inconsequential to the Village's financial statements and was not posted to the financial statements or accounting records.

Although the Village has implemented various controls over financial reporting, the need to issue audit adjustments suggests controls may not be effective or may not be operating as management intended.

We recommend the Village analyze controls currently in place over financial reporting and determine the controls are functioning as intended and are adequate to reduce the risk of reporting incomplete or inaccurate financial information within the financial statements.

Officials Response:

The Village has taken precautions to prevent similar errors from occurring in future fiscal years.

**VILLAGE OF ASHVILLE
PICKAWAY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2010 AND 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-001	Financial Statement Adjustments	No	Not Corrected – Adjustments proposed to the Village were not made prior to the next audit report. Reissued as Finding 2010-001.
2008-002	Distributing Revenue to Proper Funds	Yes	



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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
NOVEMBER 17, 2011