



Dave Yost • Auditor of State

VILLAGE OF ASHVILLE
PICKAWAY COUNTY

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Dave Yost • Auditor of State

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, Ohio, (the Village) as of and for the years ended December 31, 2012 and 2011.

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 of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03; 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 1B 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, which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1B and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

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 of Ashville as of December 31, 2012 and 2011, or changes in financial position thereof for the year 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, Ohio, as of December 31, 2012 and 2011, 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 permits, described in Note 1B.

Emphasis of Matter

As discussed in Note 1F to the financial statements, during 2011 the Village adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 23, 2013, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

October 23, 2013

**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, 2012**

| | General | Special Revenue | Capital Projects | Totals (Memorandum Only) |
|---|-------------------|--------------------|---------------------|--------------------------------|
| Cash Receipts | | | | |
| Property and Other Local Taxes | \$ 134,190 | \$ - | \$ - | \$ 134,190 |
| Municipal Income Tax | 941,248 | - | - | 941,248 |
| Intergovernmental | 105,854 | 203,427 | 7,500 | 316,781 |
| Charges for Services | 334,301 | - | - | 334,301 |
| Fines, Licenses and Permits | 60,451 | 4,835 | - | 65,286 |
| Earnings on Investments | 5,870 | 588 | - | 6,458 |
| Miscellaneous | 11,382 | 1,902 | - | 13,284 |
| <i>Total Cash Receipts</i> | <u>1,593,296</u> | <u>210,752</u> | <u>7,500</u> | <u>1,811,548</u> |
| Cash Disbursements | | | | |
| Current: | | | | |
| Security of Persons and Property | 700,566 | - | - | 700,566 |
| Public Health Services | 8,896 | - | - | 8,896 |
| Leisure Time Activities | 27,338 | - | - | 27,338 |
| Community Environment | 30,841 | - | - | 30,841 |
| Basic Utility Services | 315,689 | - | - | 315,689 |
| Transportation | 143,848 | 245,904 | - | 389,752 |
| General Government | 305,508 | 658 | - | 306,166 |
| Capital Outlay | - | - | 7,500 | 7,500 |
| Debt Service: | | | | |
| Principal Retirement | 24,251 | - | - | 24,251 |
| Interest and Fiscal Charges | 3,044 | - | - | 3,044 |
| <i>Total Cash Disbursements</i> | <u>1,559,981</u> | <u>246,562</u> | <u>7,500</u> | <u>1,814,043</u> |
| <i>Net Change in Fund Cash Balances</i> | 33,315 | (35,810) | - | (2,495) |
| <i>Fund Cash Balances, January 1</i> | <u>501,437</u> | <u>237,644</u> | <u>-</u> | <u>739,081</u> |
| Fund Cash Balances, December 31 | | | | |
| Restricted | - | 126,367 | - | 126,367 |
| Committed | - | 75,467 | - | 75,467 |
| Assigned | 369,098 | - | - | 369,098 |
| Unassigned (Deficit) | 165,654 | - | - | 165,654 |
| <i>Fund Cash Balances, December 31</i> | <u>\$ 534,752</u> | <u>\$ 201,834</u> | <u>\$ -</u> | <u>\$ 736,586</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, 2012**

| | Proprietary Fund Type | Fiduciary Fund Type | Totals |
|---|--------------------------|------------------------|----------------------|
| | Enterprise | Agency | (Memorandum Only) |
| Operating Cash Receipts | | | |
| Charges for Services | \$ 1,062,405 | \$ - | \$ 1,062,405 |
| Fines, Licenses and Permits | 385 | - | 385 |
| <i>Total Operating Cash Receipts</i> | <u>1,062,790</u> | <u>-</u> | <u>1,062,790</u> |
| Operating Cash Disbursements | | | |
| Personal Services | 193,598 | - | 193,598 |
| Employee Fringe Benefits | 94,482 | - | 94,482 |
| Contractual Services | 229,109 | - | 229,109 |
| Supplies and Materials | 130,363 | - | 130,363 |
| Other | 4,614 | - | 4,614 |
| <i>Total Operating Cash Disbursements</i> | <u>652,166</u> | <u>-</u> | <u>652,166</u> |
| <i>Operating Income (Loss)</i> | <u>410,624</u> | <u>-</u> | <u>410,624</u> |
| Non-Operating Receipts (Disbursements) | | | |
| Miscellaneous Receipts | 1,321 | - | 1,321 |
| Capital Outlay | (273,716) | - | (273,716) |
| Principal Retirement | (164,366) | - | (164,366) |
| Interest and Other Fiscal Charges | (45,557) | - | (45,557) |
| Other Non-Operating Disbursements | - | (3,877) | (3,877) |
| <i>Total Non-Operating Receipts (Disbursements)</i> | <u>(482,318)</u> | <u>(3,877)</u> | <u>(486,195)</u> |
| <i>Net Change in Fund Cash Balances</i> | <u>(71,694)</u> | <u>(3,877)</u> | <u>(75,571)</u> |
| <i>Fund Cash Balances, January 1</i> | <u>846,743</u> | <u>16,490</u> | <u>863,233</u> |
| <i>Fund Cash Balances, December 31</i> | <u>\$ 775,049</u> | <u>\$ 12,613</u> | <u>\$ 787,662</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 GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

| | General | Special Revenue | Capital Projects | Totals (Memorandum Only) |
|---|-------------------|--------------------|---------------------|--------------------------------|
| Cash Receipts | | | | |
| Property and Other Local Taxes | \$ 136,863 | \$ - | \$ - | \$ 136,863 |
| Municipal Income Tax | 904,932 | - | - | 904,932 |
| Intergovernmental | 117,446 | 207,560 | 37,915 | 362,921 |
| Charges for Services | 330,948 | - | - | 330,948 |
| Fines, Licenses and Permits | 69,135 | 4,085 | - | 73,220 |
| Earnings on Investments | 13,783 | 849 | - | 14,632 |
| Miscellaneous | 6,210 | 150 | - | 6,360 |
| <i>Total Cash Receipts</i> | <u>1,579,317</u> | <u>212,644</u> | <u>37,915</u> | <u>1,829,876</u> |
| Cash Disbursements | | | | |
| Current: | | | | |
| Security of Persons and Property | 703,482 | 750 | - | 704,232 |
| Public Health Services | 20,409 | - | - | 20,409 |
| Leisure Time Activities | 37,472 | - | - | 37,472 |
| Community Environment | 33,839 | - | - | 33,839 |
| Basic Utility Services | 312,877 | - | - | 312,877 |
| Transportation | 142,879 | 264,208 | - | 407,087 |
| General Government | 464,225 | 470 | - | 464,695 |
| Capital Outlay | - | - | 37,915 | 37,915 |
| Debt Service: | | | | |
| Principal Retirement | 23,545 | - | - | 23,545 |
| Interest and Fiscal Charges | 3,750 | - | - | 3,750 |
| <i>Total Cash Disbursements</i> | <u>1,742,478</u> | <u>265,428</u> | <u>37,915</u> | <u>2,045,821</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>(163,161)</u> | <u>(52,784)</u> | <u>-</u> | <u>(215,945)</u> |
| Other Financing Receipts (Disbursements) | | | | |
| Transfers In | - | 85,794 | - | 85,794 |
| Transfers Out | (105,023) | - | - | (105,023) |
| <i>Total Other Financing Receipts (Disbursements)</i> | <u>(105,023)</u> | <u>85,794</u> | <u>-</u> | <u>(19,229)</u> |
| <i>Net Change in Fund Cash Balances</i> | <u>(268,184)</u> | <u>33,010</u> | <u>-</u> | <u>(235,174)</u> |
| <i>Fund Cash Balances, January 1</i> | <u>769,621</u> | <u>204,634</u> | <u>-</u> | <u>974,255</u> |
| Fund Cash Balances, December 31 | | | | |
| Restricted | - | 158,677 | - | 158,677 |
| Committed | - | 78,967 | - | 78,967 |
| Assigned | 186,380 | - | - | 186,380 |
| Unassigned (Deficit) | 315,057 | - | - | 315,057 |
| <i>Fund Cash Balances, December 31</i> | <u>\$ 501,437</u> | <u>\$ 237,644</u> | <u>\$ -</u> | <u>\$ 739,081</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, 2011**

| | Proprietary Fund Type | Fiduciary Fund Type | Totals |
|---|--------------------------|------------------------|----------------------|
| | Enterprise | Agency | (Memorandum Only) |
| Operating Cash Receipts | | | |
| Charges for Services | \$ 957,928 | \$ - | \$ 957,928 |
| Fines, Licenses and Permits | 938 | - | 938 |
| <i>Total Operating Cash Receipts</i> | <u>958,866</u> | <u>-</u> | <u>958,866</u> |
| Operating Cash Disbursements | | | |
| Personal Services | 205,290 | - | 205,290 |
| Employee Fringe Benefits | 109,677 | - | 109,677 |
| Contractual Services | 285,613 | - | 285,613 |
| Supplies and Materials | 118,030 | - | 118,030 |
| Other | 28,158 | - | 28,158 |
| <i>Total Operating Cash Disbursements</i> | <u>746,768</u> | <u>-</u> | <u>746,768</u> |
| <i>Operating Income</i> | <u>212,098</u> | <u>-</u> | <u>212,098</u> |
| Non-Operating Receipts (Disbursements) | | | |
| Miscellaneous Receipts | 3,141 | 1,145 | 4,286 |
| Capital Outlay | (192,394) | - | (192,394) |
| Principal Retirement | (146,631) | - | (146,631) |
| Interest and Other Fiscal Charges | (63,349) | - | (63,349) |
| Other Non-Operating Expenses | - | (2,016) | (2,016) |
| <i>Total Non-Operating Receipts (Disbursements)</i> | <u>(399,233)</u> | <u>(871)</u> | <u>(400,104)</u> |
| <i>(Loss) before Transfers</i> | (187,135) | (871) | (188,006) |
| Transfers In | 41,623 | 14,750 | 56,373 |
| Transfers Out | (37,144) | - | (37,144) |
| <i>Net Change in Fund Cash Balances</i> | (182,656) | 13,879 | (168,777) |
| <i>Fund Cash Balances, January 1</i> | <u>1,029,399</u> | <u>2,611</u> | <u>1,032,010</u> |
| <i>Fund Cash Balances, December 31</i> | <u>\$ 846,743</u> | <u>\$ 16,490</u> | <u>\$ 863,233</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, 2012 AND 2011**

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.

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'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.

**VILLAGE OF ASHVILLE
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

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 and investments that are 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 receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

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

3. Capital Project 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 Construction Fund – This fund is used to receive and expend proceeds of Ohio Public Works Commission grants as well as to record construction-related payments made on-behalf of the Village.

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.

**VILLAGE OF ASHVILLE
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

4. Enterprise Funds

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 services from residents to cover sewer service costs.

5. Fiduciary Funds

Fiduciary funds include an agency fund, which is purely custodial in nature, and is 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 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 fund, function or 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 2012 and 2011 budgetary activity appears in Note 3.

VILLAGE OF ASHVILLE
PICKAWAY COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)

1. Summary of Significant Accounting Policies (Continued)

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.

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.

**VILLAGE OF ASHVILLE
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

G. 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.

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:

| | 2012 | 2011 |
|-----------------|-------------|-------------|
| Demand deposits | \$1,524,248 | \$1,602,314 |
| Total Deposits | \$1,524,248 | \$1,602,314 |

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

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2012 and 2011 follows:

| 2012 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|---------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$1,901,957 | \$1,593,296 | (\$308,661) |
| Special Revenue | 435,852 | 210,752 | (225,100) |
| Capital Projects | 825,108 | 7,500 | (817,608) |
| Enterprise | 2,176,777 | 1,064,111 | (1,112,666) |
| Total | \$5,339,694 | \$2,875,659 | (\$2,464,035) |

**VILLAGE OF ASHVILLE
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

3. Budgetary Activity (Continued)

| 2012 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|-------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$2,088,337 | \$1,586,718 | \$501,619 |
| Special Revenue | 446,440 | 249,786 | 196,654 |
| Capital Projects | 1,532,172 | 1,532,022 | 150 |
| Enterprise | 1,892,036 | 1,139,925 | 752,111 |
| Total | \$5,958,985 | \$4,508,451 | \$1,450,534 |

| 2011 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|---------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$1,855,697 | \$1,579,317 | (\$276,380) |
| Special Revenue | 287,099 | 298,438 | 11,339 |
| Capital Projects | 841,068 | 37,915 | (803,153) |
| Enterprise | 1,104,234 | 962,007 | (142,227) |
| Total | \$4,088,098 | \$2,877,677 | (\$1,210,421) |

| 2011 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|-------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$2,525,378 | \$1,889,903 | \$635,475 |
| Special Revenue | 484,212 | 324,815 | 159,397 |
| Capital Projects | 1,637,255 | 796,187 | 841,068 |
| Enterprise | 2,079,723 | 1,301,309 | 778,414 |
| Total | \$6,726,568 | \$4,312,214 | \$2,414,354 |

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.

**VILLAGE OF ASHVILLE
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

5. Local Income Tax

The Village levies a municipal income tax of 1% 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 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, 2012 was as follows:

| | Principal | Interest Rate |
|---------------------------|-----------|---------------|
| OPWC Issue II Loan | \$21,600 | 0.00% |
| OWDA Loan #2940 | 16,594 | 6.58% |
| OWDA Loan #2941 | 4,793 | 7.38% |
| OWDA Loan #2942 | 247,560 | 6.58% |
| OWDA Loan #6251 | 3,910 | 3.86% |
| Bank Loan - Sewage System | 403,124 | 3.75% |
| Bank Loan - Backhoe | 55,986 | 3.00% |
| General Obligation Bonds | 77,204 | 3.00% |
| Total | \$830,771 | |

The Village has a Project Loan Agreement with the Ohio Public Works Commission Issue II Program for an Elevated Water Tower Improvements Project. This loan is interest free and is payable 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; the second loan is to be paid back in semi-annual payments of \$4,562; and the third loan is to be paid back in semi-annual payments of \$1,333; all payments include interest. The Village must set utility rates sufficient to cover these OWDA debt service requirements.

Additionally, the Village has a fourth OWDA project loan to finance an ongoing fresh water project. OWDA has approved financing of up to \$1,110,000; as of December 31, 2012 project expenditures were \$3,910 and repayment terms have not been finalized.

**VILLAGE OF ASHVILLE
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

6. Debt (Continued)

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 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.

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

| Year ending December 31: | OPWC Issue II Loan | OWDA Loan #2940 | OWDA Loan #2941 | OWDA Loan #2942 |
|--------------------------|-----------------------|--------------------|--------------------|--------------------|
| 2013 | \$21,600 | \$9,125 | \$2,665 | \$136,128 |
| 2014 | 0 | 9,125 | 2,665 | 136,128 |
| 2015 | 0 | 0 | 0 | 0 |
| 2016 | 0 | 0 | 0 | 0 |
| 2017 | 0 | 0 | 0 | 0 |
| 2018-2022 | 0 | 0 | 0 | 0 |
| Total | <u>\$21,600</u> | <u>\$18,250</u> | <u>\$5,330</u> | <u>\$272,256</u> |

| Year ending December 31: | Bank Loan - Sewage System | Bank Loan - Backhoe | General Obligation Bonds |
|--------------------------|---------------------------------|------------------------|--------------------------------|
| 2013 | \$37,278 | \$12,225 | \$27,295 |
| 2014 | 37,278 | 12,225 | 27,295 |
| 2015 | 37,278 | 12,225 | 27,295 |
| 2016 | 37,278 | 12,225 | 0 |
| 2017 | 37,278 | 12,225 | 0 |
| 2018-2022 | 186,390 | 0 | 0 |
| 2023-2027 | 149,112 | 0 | 0 |
| Total | <u>\$521,892</u> | <u>\$61,125</u> | <u>\$81,885</u> |

**VILLAGE OF ASHVILLE
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

7. Retirement System

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 plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2012 and 2011, OP&F participants contributed 10% of their wages. For 2012 and 2011, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2012 and 2011, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2012.

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 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 765 members as of December 31, 2012 and 2011 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.

**VILLAGE OF ASHVILLE
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(Continued)**

8. Risk Management (Continued)

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2012 and 2011:

| | 2012 | 2011 |
|--------------------|--------------|--------------|
| Assets | \$13,100,381 | \$12,501,280 |
| Liabilities | (6,687,193) | (5,328,761) |
| Members' Equity | \$6,413,188 | \$7,172,519 |

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

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 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.

**VILLAGE OF ASHVILLE
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2012 AND 2011
(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.

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S 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 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, Ohio (the Village) as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements, and have issued our report thereon dated October 23, 2013 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit. We also noted during 2011 the Village adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

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.

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 a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village'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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

October 23, 2013

VILLAGE OF ASHVILLE
PICKAWAY COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2012 AND 2011

| Finding Number | Finding Summary | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain |
|----------------|--|------------------|---|
| 2010-001 | Financial Reporting – Material Weakness – the Village’s financial statements required various adjustments. | No | Partially Corrected – Reported in the Management Letter |

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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
FEBRUARY 27, 2014