

Village of Ashville

Pickaway County, Ohio

Regular Audit

For the Years Ended December 31, 2006 and 2005

**BALESTRA, HARR & SCHERER, CPAs, INC.**

528 South West Street, P.O. Box 687

Piketon, Ohio 45661

---

Telephone (740) 289-4131

Fax (740) 289-3639

[www.bhscpas.com](http://www.bhscpas.com)





# Mary Taylor, CPA

Auditor of State

Village Council  
Village of Ashville  
200 East Station Street  
P.O. Box 195  
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, 2005 through December 31, 2006. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the Auditor of State does not legally require your government 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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 cursive script that reads "Mary Taylor".

Mary Taylor, CPA  
Auditor of State

October 3, 2007

**This Page is Intentionally Left Blank.**

**Village of Ashville, Ohio**  
*For the Years Ended December 31, 2006 and 2005*  
*Table of Contents*

---

Title	Page
Independent Auditors' Report .....	1 - 2
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2006.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances –Proprietary and Fiduciary Fund Types – For the Year Ended December 31, 2006.....	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2005.....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances –Proprietary and Fiduciary Fund Types – For the Year Ended December 31, 2005.....	6
Notes to the Financial Statements.....	7 - 12
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements in Accordance With <i>Government Auditing Standards</i> .....	13 - 14
Schedule of Findings and Responses.....	15
Schedule of Prior Audit Findings .....	16

**This Page is Intentionally Left Blank.**

**BALESTRA, HARR & SCHERER, CPAS, INC.**  
528 South West Street, P.O. Box 687  
Piketon, Ohio 45661

---

Telephone (740) 289-4131  
Fax (740) 289-3639  
www.bhscpas.com

Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT**

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Ashville, Pickaway County, (the Village) as of and for the years ended December 31, 2006 and 2005. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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. We believe that 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.

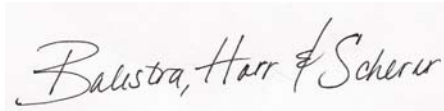
Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes for the years ended December 31, 2006 and 2005. Instead of the combined funds the accompanying financial statements present for 2006 and 2005, the revisions require presenting entity wide statements and also to present its 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 the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to reformat its statements. Since this Village does not use GAAP to measure financial statement amounts, 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, 2006 and 2005 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, 2006 and 2005, or their changes in financial position or cash flows for their proprietary funds 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 the Village of Ashville, Pickaway County, as of December 31, 2006 and 2005, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the years ended December 31, 2006 and 2005. 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 August 10, 2007 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.



Balestra, Harr & Scherer, CPAs, Inc.  
August 10, 2007



**Village of Ashville, Ohio**  
**Combined Statement of Cash Receipts, Cash Disbursements, And Changes in Fund Cash**  
**Balances - All Governmental Fund Types**  
**For the Year Ended December 31, 2006**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property and Local Taxes	\$ 128,198	\$ -	\$ 128,198
Municipal Income Tax	430,193	-	430,193
Intergovernmental	142,586	210,710	353,296
Charges for Services	152,933	-	152,933
Fines, Licenses, and Permits	93,749	29,091	122,840
Earnings on Investments	17,807	7,669	25,476
Miscellaneous	4,482	1,800	6,282
	<u>969,948</u>	<u>249,270</u>	<u>1,219,218</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
Security of Persons & Property	408,404	-	408,404
Public Health Service	4,824	-	4,824
Leisure Time Activities	29,113	24,329	53,442
Community Environment	117,767	-	117,767
Basic Utility Services	148,388	-	148,388
Transportation	62,310	122,756	185,066
General Government	197,215	1,127	198,342
Debt Service:			
Redemption of Principal	13,594	-	13,594
Interest and Fiscal Charges	760	-	760
	<u>982,375</u>	<u>148,212</u>	<u>1,130,587</u>
<b>Total Cash Disbursements</b>			
Total Cash Receipts Over/(Under) Cash Disbursements	(12,427)	101,058	88,631
Fund Cash Balances, January 1	422,064	81,668	503,732
<b>Fund Cash Balances, December 31</b>	<u><u>\$ 409,637</u></u>	<u><u>\$ 182,726</u></u>	<u><u>\$ 592,363</u></u>
<b>Reserve for Encumbrances, December 31</b>	<u><u>\$ 28,981</u></u>	<u><u>\$ 1,596</u></u>	<u><u>\$ 30,577</u></u>

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

**Village of Ashville, Ohio**  
**Combined Statement of Cash Receipts, Cash Disbursements, and**  
**Changes in Fund Cash Balances - Proprietary and Fiduciary Fund Types**  
**For the Year Ended December 31, 2006**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$ 858,701	\$ -	\$ 858,701
Fines, Licenses, and Permits	1,721	-	1,721
	<u>860,422</u>	<u>-</u>	<u>860,422</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	203,060	-	203,060
Employee Fringe Benefits	91,845	-	91,845
Contractual Services	176,477	-	176,477
Supplies and Materials	62,433	-	62,433
Other	9,296	-	9,296
Capital Outlay	232,237	-	232,237
	<u>775,348</u>	<u>-</u>	<u>775,348</u>
Operating Income	85,074	-	85,074
<b>Non-Operating Receipts and (Disbursements):</b>			
Miscellaneous Receipts	6,065	-	6,065
Fines and Forfeitures	-	31,075	31,075
Distributions of Fines and Forfeitures	-	(31,075)	(31,075)
Principal Payments	(131,459)	-	(131,459)
Interest and other Fiscal Charges	(94,722)	-	(94,722)
	<u>(135,042)</u>	<u>-</u>	<u>(135,042)</u>
Net Receipts Under Disbursements	(135,042)	-	(135,042)
Fund Cash Balances, January 1	1,166,718	-	1,166,718
<b>Fund Cash Balances, December 31</b>	<b><u>\$ 1,031,676</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,031,676</u></b>
<b>Reserve for Encumbrances, December 31</b>	<b><u>\$ 34,967</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 34,967</u></b>

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

**Village of Ashville, Ohio**  
**Combined Statement of Cash Receipts, Cash Disbursements, And Changes in Fund Cash**  
**Balances - All Governmental Fund Types**  
**For the Year Ended December 31, 2005**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property and Local Taxes	\$ 113,515	\$ -	\$ 113,515
Municipal Income Tax	365,463	-	365,463
Intergovernmental	103,849	216,809	320,658
Charges for Services	149,929	-	149,929
Fines, Licenses, and Permits	201,598	12,470	214,068
Earnings on Investments	9,031	357	9,388
Miscellaneous	10,898	14,128	25,026
	<u>954,283</u>	<u>243,764</u>	<u>1,198,047</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
Security of Persons & Property	391,205	-	391,205
Public Health Service	11,911	-	11,911
Leisure Time Activities	20,677	19,400	40,077
Community Environment	5,157	-	5,157
Basic Utility Services	148,267	-	148,267
Transportation	86,452	251,013	337,465
General Government	214,737	1,360	216,097
Debt Service:			
Redemption of Principal	11,999	-	11,999
Interest and Fiscal Charges	1,159	-	1,159
	<u>891,564</u>	<u>271,773</u>	<u>1,163,337</u>
<b>Total Cash Disbursements</b>			
Total Cash Receipts Over/(Under) Cash Disbursements	62,719	(28,009)	34,710
Fund Cash Balances, January 1	<u>359,345</u>	<u>109,677</u>	<u>469,022</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$ 422,064</b></u>	<u><b>\$ 81,668</b></u>	<u><b>\$ 503,732</b></u>
<b>Reserve for Encumbrances, December 31</b>	<u><b>\$ 101,642</b></u>	<u><b>\$ 4,688</b></u>	<u><b>\$ 106,330</b></u>

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

**Village of Ashville, Ohio**  
**Combined Statement of Cash Receipts, Cash Disbursements, and**  
**Changes in Fund Cash Balances - Proprietary and Fiduciary Fund Types**  
**For the Year Ended December 31, 2005**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$ 842,177	\$ -	\$ 842,177
Fines, Licenses, and Permits	70	-	70
	<u>842,247</u>	<u>-</u>	<u>842,247</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	196,227	-	196,227
Employee Fringe Benefits	79,161	-	79,161
Contractual Services	192,048	-	192,048
Supplies and Materials	59,523	-	59,523
Other	18,731	-	18,731
Capital Outlay	453,310	-	453,310
	<u>999,000</u>	<u>-</u>	<u>999,000</u>
Operating Loss	(156,753)	-	(156,753)
<b>Non-Operating Receipts and (Disbursements):</b>			
Proceeds from Loan	81,000	-	81,000
Miscellaneous Receipts	33,699	-	33,699
Fines and Forfeitures	-	38,669	38,669
Distributions of Fines and Forfeitures	-	(38,669)	(38,669)
Principal Payments	(117,608)	-	(117,608)
Interest and other Fiscal Charges	(100,518)	-	(100,518)
	<u>(260,180)</u>	<u>-</u>	<u>(260,180)</u>
Net Receipts Under Disbursements	(260,180)	-	(260,180)
Fund Cash Balances, January 1	<u>1,426,898</u>	<u>-</u>	<u>1,426,898</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$ 1,166,718</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,166,718</u></b>
<b>Reserve for Encumbrances, December 31</b>	<b><u>\$ 21,312</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 21,312</u></b>

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

**Village of Ashville, Ohio**  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2006 and 2005*

---

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Description of the Entity

The Village of Ashville, Pickaway County, Ohio (the Village) is a body corporate and politic 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, park operations (leisure time activities) and police services.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

C. Cash and Investments

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and the sale of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit are valued at cost.

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 is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.
2. Special Revenue Funds - These funds are used to account for proceeds from specific sources (other than from 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 receives 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.

*COPS Fund*-This fund receives federal and state grant revenues to provide for the security and safety of the residents, in accordance with the terms of the grant.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

D. Fund Accounting (Continued)

3. Enterprise Funds – These funds account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered 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 this utility.

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

4. Fiduciary Fund – Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results and operations. The Village had the following fiduciary fund:

*Mayor's Court Fund* – This fund is used to account for the activity of the Village's Mayor's Court.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function and 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 in the subsequent year.

A summary of 2006 and 2005 budgetary activity appears in Note 4.

F. 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.

**Village of Ashville, Ohio**  
*Notes to the Financial Statements*  
For the Years Ended December 31, 2006 and 2005

---

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

**NOTE 2 – RESTATEMENT OF BEGINNING BALANCES**

A restatement entry was noted to correct beginning balance of an enterprise fund. An error was noted in the balance of the enterprise fund type due to an overstatement of debt payments in the prior year.

Fund Type	Balance, December 31, 2004	Restatement	Balance, December 31, 2004, As Restated
Enterprise Funds	\$1,420,240	\$6,658	\$1,426,898

**NOTE 3 – EQUITY IN POOLED CASH AND INVESTMENTS**

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

	2006	2005
Demand deposits	\$645,624	\$1,407,897
Certificate of deposit	978,415	262,553
Total deposits	\$1,624,039	\$1,670,450

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by securities specifically pledged by the financial institution to the Village.

**NOTE 4 – BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2006 and 2005 follows:

Fund Type	2006 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$1,023,559	\$969,978	(\$53,581)
Special Revenue	186,167	249,270	63,103
Enterprise	950,137	866,487	(83,650)
Total	\$2,159,863	\$2,085,735	(\$74,128)

Fund Type	2006 Budgeted vs. Actual Budgetary Basis Expenditures		
	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,201,694	\$1,011,386	\$190,308
Special Revenue	333,269	149,808	183,461
Enterprise	2,117,753	1,036,496	1,081,257
Total	\$3,652,716	\$2,197,690	\$1,455,026

**Village of Ashville, Ohio**  
*Notes to the Financial Statements*  
For the Years Ended December 31, 2006 and 2005

---

**NOTE 4 – BUDGETARY ACTIVITY (CONTINUED)**

Fund Type	<u>2005 Budgeted vs. Actual Receipts</u>		Variance
	Budgeted Receipts	Actual Receipts	
General	\$932,061	\$954,283	\$22,222
Special Revenue	226,168	243,764	17,596
Enterprise	1,067,477	956,946	(110,531)
Total	\$2,225,706	\$2,154,993,	(\$70,713)

Fund Type	<u>2005 Budgeted vs. Actual Budgetary Basis Expenditures</u>		Variance
	Appropriation Authority	Budgetary Expenditures	
General	\$1,044,072	\$993,206	\$50,866
Special Revenue	360,865	276,461	84,404
Enterprise	2,468,810	1,238,474	1,230,336
Total	\$3,873,747	\$2,508,141	\$1,365,606

**NOTE 5 – PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, 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.

**NOTE 6 – LOCAL INCOME TAX**

The Village levies a municipal income tax of one 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.



**Village of Ashville, Ohio**  
*Notes to the Financial Statements*  
For the Years Ended December 31, 2006 and 2005

**NOTE 7 – DEBT**

Debt outstanding at December 31, 2006 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OPWC Issue II Loan	\$172,800	0.00%
OPWC Issue I Loan	56,700	0.00%
OWDA Loan #2940	55,383	6.58%
OWDA Loan #2941	15,680	7.38%
OWDA Loan #2942	826,260	6.58%
FmHA Bond	472,238	6.25%
Savings Bank Loan	11,747	3.97%
Total	<u>\$1,610,808</u>	

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 payments of \$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 Project Loan Agreements with the Ohio Public Work Commission Issue II and Issue I Programs for a project named "Elevated Water Tower Improvements". These loans are interest free and are to be paid back in semi-annual payments of \$10,800 and \$8,100, respectively.

These loans are collateralized by water and sewer receipts.

The Village has a Savings Bank Loan for the purchase of land for the Village's Administrative Offices at 200 Station Street, Ashville, Ohio. This loan is to be paid back in monthly payments of \$1,196, including interest for 60 months. This loan is secured by the Village's general revenues.

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

	OPWC Issue II Loan	OPWC Issue I Loan	OWDA Loan #2940	OWDA Loan #2941	OWDA Loan #2942	FmHA Bond	Savings Bank Loan
At December 31,							
2007	\$21,600	\$16,200	\$9,124	\$2,666	\$136,128	\$40,515	\$11,961
2008	21,600	16,200	9,124	2,666	136,128	40,527	0
2009	21,600	16,200	9,124	2,666	136,128	40,496	0
2010	21,600	8,100	9,124	2,666	136,128	40,521	0
2011	21,600	0	9,124	2,666	136,128	40,096	0
2012-2016	64,800	0	27,365	8,832	408,387	198,311	0
2017-2021	0	0	0	0	0	198,381	0
2022-2026	0	0	0	0	0	198,300	0
2027-2031	0	0	0	0	0	85,652	0
Total	<u>\$172,800</u>	<u>\$56,700</u>	<u>\$72,985</u>	<u>\$22,162</u>	<u>\$1,089,027</u>	<u>\$882,799</u>	<u>\$11,961</u>

**Village of Ashville, Ohio**  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2006 and 2005*

---

**NOTE 8 – RETIREMENT SYSTEMS**

The Village's law enforcement officers belong to the Ohio Police and Fire Pension Fund (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 plan. These plans provide retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2006 and 2005, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant wages. PERS members contributed 9.0% and 8.5% of their gross wages for the years ended December 31, 2006 and 2005, respectively. The Village contributed an amount equal to 13.70% and 13.55% of participants' gross wages for the years ended December 31, 2006 and 2005, respectively. The Village has paid all contributions required through December 31, 2006.

**NOTE 9 – RISK MANAGEMENT**

The Village has obtained commercial insurance for the following risks:

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

The Village also provides health insurance and dental and vision 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.

# BALESTRA, HARR & SCHERER CPAs, INC.

528 South West Street, P.O. Box 687  
Piketon, Ohio 45661

---

Telephone (740) 289-4131  
Fax (740) 289-3639  
www.bhscpas.com

Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

## **Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based On an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

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

We have audited the accompanying financial statements of the Village of Ashville, Pickaway County, Ohio (the Village), as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated August 10, 2007 wherein we noted the Village followed accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **Internal Control Over Financial Reporting**

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the accounting basis described in Note 1 such that there is more than a remote likelihood that a misstatement of the Village's financial statements that is more than inconsequential will not be prevented or detected by the Village's internal control.

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

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

Village of Ashville

Pickaway County

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Page 2

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards*. This instance is identified in the accompanying schedule of findings and responses as item 2006-1.

We noted certain matters that we reported to management of the Village in a separate letter dated August 10, 2007.

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



Balestra, Harr & Scherer, CPAs, Inc.

August 10, 2007

**Village of Ashville**  
*Schedule of Findings and Responses*  
*For the Years Ended December 31, 2006 and 2005*

---

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
--

Finding Number	2006-1
----------------	--------

**Noncompliance Citation – Appropriations in Excess of Available Resources**

Ohio Revised Code Section 5705.36(A)(2) allows all subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources. 5705.36(A)(3) requires obtaining an increased amended certificate from the budget commission if the legislative authority intends to appropriate and expend excess revenue. 5705.36(A)(4) requires obtaining a reduced amended certificate if the amount of the deficiency will reduce available resources below the current level of appropriation. Appropriations exceeding available resources could lead to overspending by the Village. The Treasurer should monitor variances between available resources (defined as unencumbered beginning balance plus actual revenue) and appropriations to ensure overspending does not occur.

*Client Response:*

I have already discussed this with the Mayor, Council and Village Administrator and closer attention will be paid when estimating receipts. For both years in Funds 5701 and 5702, anticipated revenues were based upon residential building which did not occur. Nelson Embrey, Clerk/Treasurer.

**Village of Ashville, Ohio**  
*Schedule of Prior Audit Findings*  
*For the Years Ended December 31, 2006 and 2005*

---

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain</b>
2004-1	Ohio Revised Code Section 5705.36	No	Reissued as Finding 2006-1
2004-2	Ohio Revised Code Section 5705.39	Yes	



**Mary Taylor, CPA**  
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  
OCTOBER 16, 2007**