



**Mary Taylor, CPA**  
Auditor of State



VILLAGE OF ASHVILLE  
PICKAWAY COUNTY

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Mary Taylor, CPA  
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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.

*Mary Taylor*

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Auditor of State

July 13, 2009

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# Mary Taylor, CPA

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, 2008 and 2007. 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(B) and 115.56 mandate 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.

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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, 2008 and 2007 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, 2008 and 2007, or its changes in financial position or cash flows, where applicable 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, as of December 31, 2008 and 2007, 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 July 13, 2009, 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.



**Mary Taylor, CPA**  
Auditor of State

July 13, 2009



**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, 2008**

	<u>Governmental Fund Types</u>		<u>Totals</u>
	<u>General</u>	<u>Special Revenue</u>	<u>(Memorandum Only)</u>
<b>Cash Receipts:</b>			
Property and Local Taxes	\$142,550	\$0	\$142,550
Municipal Income Tax	667,859	0	667,859
Intergovernmental	108,603	197,517	306,120
Charges for Services	158,351	0	158,351
Fines, Licenses and Permits	145,288	15,409	160,697
Earnings on Investments	46,623	5,431	52,054
Miscellaneous	5,734	0	5,734
	<u>1,275,008</u>	<u>218,357</u>	<u>1,493,365</u>
<b>Total Cash Receipts</b>			
	<u>1,275,008</u>	<u>218,357</u>	<u>1,493,365</u>
<b>Cash Disbursements:</b>			
Current:			
Security of Persons & Property	500,947	1,660	502,607
Public Health Services	6,296	0	6,296
Leisure Time Activities	50,240	3,219	53,459
Community Environment	45,816	0	45,816
Basic Utility Services	153,664	0	153,664
Transportation	62,892	350,386	413,278
General Government	256,936	3,220	260,156
	<u>1,076,791</u>	<u>358,485</u>	<u>1,435,276</u>
<b>Total Cash Disbursements</b>			
	<u>1,076,791</u>	<u>358,485</u>	<u>1,435,276</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>198,217</u>	<u>(140,128)</u>	<u>58,089</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Transfers-In	0	2,893	2,893
Transfers-Out	(2,893)	0	(2,893)
	<u>(2,893)</u>	<u>2,893</u>	<u>0</u>
<b>Total Other Financing Receipts/(Disbursements)</b>			
	<u>(2,893)</u>	<u>2,893</u>	<u>0</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements And Other Financing Disbursements</b>	<u>195,324</u>	<u>(137,235)</u>	<u>58,089</u>
<b>Fund Cash Balance, January 1</b>	<u>543,190</u>	<u>257,920</u>	<u>801,110</u>
<b>Fund Cash Balance, December 31</b>	<u><u>\$738,514</u></u>	<u><u>\$120,685</u></u>	<u><u>\$859,199</u></u>
<b>Reserve for Encumbrances, December 31</b>	<u><u>\$23,719</u></u>	<u><u>\$1,829</u></u>	<u><u>\$25,548</u></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, 2008**

	<u>Proprietary</u>	<u>Fiduciary Fund</u>	<u>Totals</u>
	<u>Enterprise</u>	<u>Agency</u>	<u>(Memorandum Only)</u>
<b>Operating Cash Receipts:</b>			
Charges for Services	\$1,015,433	\$0	\$1,015,433
Fines, Licenses and Permits	1,540	0	1,540
<b>Total Operating Cash Receipts</b>	<u>1,016,973</u>	<u>0</u>	<u>1,016,973</u>
<b>Operating Cash Disbursements:</b>			
Current:			
Personal Services	207,938	0	207,938
Employee Fringe Benefits	92,135	0	92,135
Contractual Services	218,674	0	218,674
Supplies and Materials	88,077	0	88,077
Other	13,484	0	13,484
<b>Total Operating Cash Disbursements</b>	<u>620,308</u>	<u>0</u>	<u>620,308</u>
Operating Income/(Loss)	<u>396,665</u>	<u>0</u>	<u>396,665</u>
<b>Non-Operating Receipts/Disbursements</b>			
Intergovernmental	16,741	0	16,741
Miscellaneous Receipts	4,981	51,576	56,557
Capital Outlay	(445,826)	0	(445,826)
Other Non-Operating Disbursements	0	(45,891)	(45,891)
Redemption of Principal	(144,100)	0	(144,100)
Interest and Other Fiscal Charges	(82,091)	0	(82,091)
<b>Total Non-Operating Receipts/Disbursements</b>	<u>(650,295)</u>	<u>5,685</u>	<u>(644,610)</u>
Net Income/(Loss)	(253,630)	5,685	(247,945)
Fund Cash Balance, January 1	<u>1,132,599</u>	<u>6,074</u>	<u>1,138,673</u>
<b>Fund Cash Balance, December 31</b>	<u><u>\$878,969</u></u>	<u><u>\$11,759</u></u>	<u><u>\$890,728</u></u>
Reserve for Encumbrances, December 31	<u><u>\$376,226</u></u>	<u><u>\$5,712</u></u>	<u><u>\$381,938</u></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 GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Governmental Fund Types</u>		<u>Totals</u>
	<u>General</u>	<u>Special Revenue</u>	<u>(Memorandum Only)</u>
<b>Cash Receipts:</b>			
Property and Local Taxes	\$143,076	\$0	\$143,076
Municipal Income Tax	451,948	0	451,948
Intergovernmental	255,384	198,583	453,967
Charges for Services	160,542	0	160,542
Fines, Licenses and Permits	82,804	17,940	100,744
Earnings on Investments	50,154	6,036	56,190
Miscellaneous	5,783	210	5,993
	<u>1,149,691</u>	<u>222,769</u>	<u>1,372,460</u>
<b>Total Cash Receipts</b>			
	<u>1,149,691</u>	<u>222,769</u>	<u>1,372,460</u>
<b>Cash Disbursements:</b>			
Current:			
Security of Persons & Property	468,689	0	468,689
Public Health Services	13,020	0	13,020
Leisure Time Activities	36,588	10,354	46,942
Community Environment	39,328	0	39,328
Basic Utility Services	151,910	0	151,910
Transportation	56,606	133,954	190,560
General Government	238,036	3,267	241,303
Debt Service:			
Principal Payment	11,747	0	11,747
Interest and Fiscal Charges	214	0	214
	<u>1,016,138</u>	<u>147,575</u>	<u>1,163,713</u>
<b>Total Cash Disbursements</b>			
	<u>1,016,138</u>	<u>147,575</u>	<u>1,163,713</u>
<b>Total Receipts Over/(Under) Disbursements</b>	133,553	75,194	208,747
<b>Fund Cash Balance, January 1</b>	<u>409,637</u>	<u>182,726</u>	<u>592,363</u>
<b>Fund Cash Balance, December 31</b>	<u><u>\$543,190</u></u>	<u><u>\$257,920</u></u>	<u><u>\$801,110</u></u>
<b>Reserve for Encumbrances, December 31</b>	<u><u>\$31,201</u></u>	<u><u>\$940</u></u>	<u><u>\$32,141</u></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, 2007**

	<u>Proprietary</u>	<u>Fiduciary Fund</u>	<u>Totals</u>
	<u>Enterprise</u>	<u>Agency</u>	<u>(Memorandum Only)</u>
<b>Operating Cash Receipts:</b>			
Charges for Services	\$1,305,189	\$0	\$1,305,189
Fines, Licenses and Permits	1,961	0	1,961
<b>Total Operating Cash Receipts</b>	<u>1,307,150</u>	<u>0</u>	<u>1,307,150</u>
<b>Operating Cash Disbursements:</b>			
Current:			
Personal Services	212,942	0	212,942
Employee Fringe Benefits	82,285	0	82,285
Contractual Services	196,749	0	196,749
Supplies and Materials	69,542	0	69,542
Other	27,376	0	27,376
<b>Total Operating Cash Disbursements</b>	<u>588,894</u>	<u>0</u>	<u>588,894</u>
Operating Income/(Loss)	<u>718,256</u>	<u>0</u>	<u>718,256</u>
<b>Non-Operating Receipts/Disbursements</b>			
Miscellaneous Receipts	1,366	21,650	23,016
Capital Outlay	(392,558)	0	(392,558)
Other Non-Operating Disbursements	0	(15,576)	(15,576)
Redemption of Principal	(137,549)	0	(137,549)
Interest and Other Fiscal Charges	(88,592)	0	(88,592)
<b>Total Non-Operating Receipts/Disbursements</b>	<u>(617,333)</u>	<u>6,074</u>	<u>(611,259)</u>
Net Income/(Loss)	<u>100,923</u>	<u>6,074</u>	<u>106,997</u>
Fund Cash Balance, January 1	1,031,676	0	1,031,676
<b>Fund Cash Balance, December 31</b>	<u>\$1,132,599</u>	<u>\$6,074</u>	<u>\$1,138,673</u>
Reserve for Encumbrances, December 31	<u>\$46,915</u>	<u>\$641</u>	<u>\$47,556</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, 2008 AND 2007**

**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 Sections 715.72 through 715.83 of the Revised Code. See Note 9 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.

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 interest earned in the period.

**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:

**VILLAGE OF ASHVILLE  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**D. Fund Accounting (continued)**

**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 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.

**3. 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 and debt service.

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

**4. Fiduciary Funds**

Fiduciary funds include an agency funds.

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.

**VILLAGE OF ASHVILLE  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**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 2008 and 2007 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 Village maintains a deposit and investment pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	<u>2008</u>	<u>2007</u>
Demand deposits	\$615,384	\$329,211
Certificates of deposit	1,134,543	1,610,572
Total deposits and investments	<u>\$1,749,927</u>	<u>\$1,939,783</u>

**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.

**VILLAGE OF ASHVILLE  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2008 and 2007 follows:

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,287,722	\$1,275,008	(\$12,714)
Special Revenue	200,350	221,250	20,900
Enterprise	1,287,749	1,038,695	(249,054)
Total	\$2,775,821	\$2,534,953	(\$240,868)

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,725,889	\$1,103,403	\$622,486
Special Revenue	544,063	360,314	183,749
Enterprise	2,413,511	1,668,551	744,960
Total	\$4,683,463	\$3,132,268	\$1,551,195

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,035,511	\$1,149,691	\$114,180
Special Revenue	222,934	222,769	(165)
Enterprise	1,219,138	1,308,516	89,378
Total	\$2,477,583	\$2,680,976	\$203,393

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,353,272	\$1,047,339	\$305,933
Special Revenue	478,291	148,515	329,776
Enterprise	2,413,511	1,254,508	1,159,003
Total	\$4,245,074	\$2,450,362	\$1,794,712

**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.



**VILLAGE OF ASHVILLE  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**4. Property Tax (Continued)**

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 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.

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, 2008 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OPWC Issue II Loan	\$129,600	0.00%
OPWC Issue I Loan	24,300	0.00%
OWDA Loan #2940	44,062	6.58%
OWDA Loan #2941	12,554	7.38%
OWDA Loan #2942	657,359	6.58%
FmHA Bond	449,538	6.25%
Total	<u>\$1,317,413</u>	

The Village has Project Loan Agreements with the Ohio Public Works Commission's 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.

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. Loan #2940 is to be paid in semi-annual payments of \$4,562, including interest. Loan #2941 is to be paid in semi-annual payments of \$1,332, including interest. The third loan (#2942) will be repaid in semi-annual payments of \$68,064, including interest. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Village issued FmHA Mortgage Revenue Bonds 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 above debt is collateralized by water and sewer receipts.

**VILLAGE OF ASHVILLE  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**6. Debt (Continued)**

Amortization, including interest, is scheduled as follows:

Year ending December 31	OPWC Issue II Loan	OPWC Issue I Loan	OWDA Loan #2940	OWDA Loan #2941	OWDA Loan #2942	FmHA Bond
2009	21,600	16,200	9,125	2,666	136,128	40,496
2010	21,600	8,100	9,125	2,666	136,128	40,521
2011	21,600	0	9,125	2,666	136,128	40,096
2012	21,600	0	9,125	2,666	136,128	39,646
2013	43,200	0	9,125	2,666	136,128	39,671
2014-2018	0	0	9,123	3,998	204,192	198,374
2019-2023	0	0	0	0	0	198,312
2024-2028	0	0	0	0	0	198,332
2029	0	0	0	0	0	6,309
Total	<u>\$129,600</u>	<u>\$24,300</u>	<u>\$54,748</u>	<u>\$17,328</u>	<u>\$884,832</u>	<u>\$801,757</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 10-2007 from the General Fund.

During 2007, the Village paid off the remaining \$11,747 balance of a bank loan obtained to finance purchase of its administrative offices.

**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 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 2008 and 2007, OP&F participants contributed 10% of their wages. For 2008 and 2007, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2008 and 2007, 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, 2008.

**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.

**VILLAGE OF ASHVILLE  
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**8. Risk Management (Continued)**

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.

**9. Joint Ventures**

North Gate Alliance Cooperative 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.

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 the 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.

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# Mary Taylor, CPA

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 Village of Ashville, Pickaway County, Ohio (the Village) as of and for the years ended December 31, 2008 and 2007 and have issued our report thereon dated July 13, 2009, 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 Government 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(B) and 115.56 mandate 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 expressing our opinion on the financial statements, but not to opine 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 would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in 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 its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider findings 2008-001 and 2008-002 described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Village's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the 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 the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe findings 2008-001 and 2008-002 are also material weaknesses.

We also noted certain internal control matters that we reported to the Village's management in a separate letter dated July 13, 2009.

#### **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 an instance of noncompliance or other matters that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2008-002.

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



**Mary Taylor, CPA**  
Auditor of State

July 13, 2009

VILLAGE OF ASHVILLE  
PICKAWAY COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2008 AND 2007

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

FINDING NUMBER 2008-001

**Financial Statement Adjustments – Significant Deficiency/Material Weakness**

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

The following audit adjustments were made to the December 31, 2008 financial statements:

1. A reclassification entry was proposed to properly present debt service expenditures in the Enterprise Fund, increasing principal by \$144,100 and decreasing interest and fiscal charges expenditures by the same amount.
2. Various adjustments ranging from \$4,480 to \$105,158 affecting General, Special Revenue, Enterprise, and Agency funds to properly present beginning fund balances; these were the result of prior audit adjustments that were not input into the UAN system.
3. Agency fund receipts and disbursements were reclassified from operating to non-operating.

The following audit adjustments were made to the December 31, 2007 financial statements:

1. An audit adjustment was proposed increasing Intergovernmental Revenue in the General Fund and decreasing Intergovernmental Revenue in the Special Revenue fund type by \$13,163, as a result of mis-posting local government assistance. See Finding 2008-002.
2. A reclassification entry was proposed to properly present debt service expenditures in the Enterprise Fund, increasing principal by \$137,549 and decreasing interest and fiscal charges expenditures by \$118,649 and capital outlay expenditures by \$18,900.
3. Various adjustments ranging from \$4,480 to \$91,996 affecting General, Special Revenue, Enterprise, and Agency funds to properly present beginning fund balances related to prior period adjustments that were proposed by the IPA, but never input into the UAN system.
4. Agency fund receipts and disbursements were reclassified from operating to non-operating.

The above audit adjustments were posted to the Village's financial statements and accounting system.

These adjustments and reclassifications should be reviewed by the Fiscal Officer to ensure that similar errors are not reported on financial statements in subsequent years. We recommend the Village develop policies and procedures to enhance its controls over recording of financial transactions and financial reporting to help ensure the information accurately reflects the activity of the Village and thereby increasing the reliability of the financial data throughout the year. We also recommend the Village implement additional procedures over the completeness and accuracy of financial information reported within the annual financial report. Such procedures may include review of the financial statements and related components by a member of management with analytical comparisons of the current year annual report to the prior year reports for obvious errors or omissions.

**Officials' Response:**

We did not receive a response from Officials to this finding.

**VILLAGE OF ASHVILLE  
PICKAWAY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2008 AND 2007**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2008-002**

**Material Non-Compliance/Material Weakness  
Distributing Revenue to Proper Funds**

Ohio Revised Code 5705.10 states that revenue from sources other than the general property tax, unless its use for a particular purpose is prescribed by law is to be deposited into the General Fund. All revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose is to be paid into a special fund.

During 2007, the Village recorded \$13,163 of unrestricted Local Government Assistance monies in the Permissive Motor Vehicle License Tax Special Revenue Fund rather than in the General Fund.

During 2008, the Village mis-posted \$3,450 of permissive license fees in the State Highway Fund, rather than the Permissive Motor Vehicle License Tax Fund.

Management has agreed to these adjustments and has posted them to the Village's financial statements and accounting records.

We recommend the Village record all receipts prescribed for a particular purpose in the correct fund and establish procedures to review postings of transactions to ensure that each receipt is posted and reported correctly.

**Officials' Response:**

We did not receive a response from Officials to this finding.



VILLAGE OF ASHVILLE  
PICKAWAY COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2008 AND 2007

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2006-1	Ohio Revised Code Section 5705.36	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  
AUGUST 11, 2009