

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

*Financial Statements
(Audited)*

For The Years Ended
December 31, 2008 and 2007



Mary Taylor, CPA

Auditor of State

Village Council
Village of Ashley
101 East High Street
Ashley, Ohio 43003

We have reviewed the *Independent Auditor's Report* of the Village of Ashley, Delaware County, prepared by Julian & Grube, Inc., for the audit period January 1, 2007 through December 31, 2008. 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.

Finding for Recovery

Payments to Ken Griffith

On January 3, 2008, Village of Ashley entered into an agreement with Ken Griffith and TJ Howard dba Central Ohio Waste Water Service for operation of the Village's wastewater treatment plant. Section 9 provided the Village was to remit \$673.08 in weekly payments for services rendered. In examining payments issued, we noted Tamera Griffith, Clerk, signed the checks and issued them to her husband, Ken Griffith.

We calculated the amount to be paid based on \$673.08 per week during the period January 1, 2008 through June 19, 2009, compared the calculated amount to the actual amount paid, and determined Mr. Griffith was overpaid \$9,423.

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal is liable for the amount of such expenditure. *Seward v. National Surety Co.* (1929), 120 Ohio St. 47; 1980 Op. Att'y Gen. No. 80-074; Ohio Rev. Code Section 9.39; *State, ex.rel. Village of Linndale v. Masten* (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property. 1980 Op. Att'y Gen. No. 80-074.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Ken Griffith, Tamera Griffith, and her bonding company, Ohio Government Risk Management Plan, jointly and severally, in the amount of \$9,423, and in favor of the Village of Ashley's Sewer Fund.

Finding for Recovery

Salary Overpayment

On March 5, 2008, Village of Ashley's Council approved a 3% raise for all of its employees including the Clerk, Tamera Griffith. Based on this raise, Ms. Griffith was to be paid \$12.26 an hour. We recalculated Ms. Griffith's gross payroll using this rate of pay times the hours worked as documented on her timesheet. We noted the following overpayments for the period January 1, 2007 through June 12, 2009:

Year	Gross Payroll Due Per J & G	Gross Payroll Paid	Variance
2007	27,322.14	27,322.00	0.14
2008	28,272.65	31,886.09	(3,613.44)
2009	12,874.71	17,496.90	(4,622.19)
	68,469.50	76,704.99	(8,235.49)

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Tamera Griffith and her bonding company, Ohio Government Risk Management Plan, jointly and severally, in the amount of \$8,235, and in favor of the Village of Ashley's General Fund.

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.

Village Council
Village of Ashley
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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 Ashley 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

June 22, 2010

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**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

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Julian & Grube, Inc.
Serving Ohio Local Governments

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Independent Auditor's Report

Members of Council and Mayor
Village of Ashley
101 East High Street
Ashley, OH 43003

We have audited the accompanying financial statements of the Village of Ashley, Delaware County, Ohio, as of and for the years ended December 31, 2008 and 2007. These financial statements are the responsibility of the Village of Ashley'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 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. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 2, the Village of Ashley 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 effective for the years ended December 31, 2008 and 2007. Instead of the combined funds the accompanying financial statements present for December 31, 2008 and 2007, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for December 31, 2008 and 2007. 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 the 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.

Independent Auditor's Report
Village of Ashley
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In our opinion, because of the effects of the matters discussed in the preceding two paragraphs, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village of Ashley as of December 31, 2008 and 2007, or its changes in financial position or cash flows of its enterprise funds, where applicable, thereof for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash fund balances of the Village of Ashley, Delaware County, Ohio, as of and for the years ended December 31, 2008 and 2007 and its combined cash receipts and disbursements and combined budgeted and actual receipts and budgeted and actual disbursements and encumbrances for the years then ended on the basis of accounting described in Note 2.

The aforementioned revision generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the years ended December 31, 2008 and 2007. The Village has not presented Management's Discussion and Analysis which accounting principles generally accepted in the United States of America has determined it 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 June 24, 2009, on our consideration of the Village of Ashley'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.



Julian & Grube, Inc.
June 24, 2009

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

COMBINED STATEMENT OF CASH FUND BALANCES
ALL FUND TYPES
DECEMBER 31, 2008 AND 2007

<u>Cash and Cash Equivalents</u>	2008	2007
Cash and Cash Equivalents	\$ 312,200	\$ 369,856
Total Cash and Cash Equivalents	\$ 312,200	\$ 369,856
<u>Cash Fund Balances</u>		
<u>Governmental Fund Types:</u>		
General Fund	\$ (22,860)	\$ 71,828
Special Revenue Funds	111,864	103,525
Capital Projects Fund	100,129	-
Total Governmental Fund Types	189,133	175,353
<u>Proprietary Fund Type:</u>		
Enterprise Funds	123,067	194,503
Total Fund Balances	\$ 312,200	\$ 369,856

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash receipts:				
Property and local taxes	\$ 81,404	\$ 146,864	\$ -	\$ 228,268
Intergovernmental	74,756	89,177	-	163,933
Charges for services	70,460	13,265	-	83,725
Fines, licenses, and permits	9,783	40	-	9,823
Interest	5,299	1,144	-	6,443
Miscellaneous	1,139	-	-	1,139
Total cash receipts	<u>242,841</u>	<u>250,490</u>	<u>-</u>	<u>493,331</u>
Cash disbursements:				
Current:				
Security of persons and property	91,910	77,210	-	169,120
Public health services	-	12,437	-	12,437
Leisure time activities	9,753	23,964	-	33,717
Basic utility services	83,152	2,000	-	85,152
Transportation	3,982	119,263	-	123,245
General government	125,402	975	-	126,377
Capital outlay	28,865	-	72,579	101,444
Debt service:				
Principal retirement	-	3,000	-	3,000
Total cash disbursements	<u>343,064</u>	<u>238,849</u>	<u>72,579</u>	<u>654,492</u>
Total cash receipts over/(under) cash disbursements	<u>(100,223)</u>	<u>11,641</u>	<u>(72,579)</u>	<u>(161,161)</u>
Other financing receipts/(disbursements):				
Operating transfers in	-	2,747	172,708	175,455
Operating transfers out	(172,708)	(2,747)	-	(175,455)
Other financing sources	181,781	-	-	181,781
Other financing uses	(3,538)	(3,302)	-	(6,840)
Total other financing receipts/(disbursements)	<u>5,535</u>	<u>(3,302)</u>	<u>172,708</u>	<u>174,941</u>
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	(94,688)	8,339	100,129	13,780
Cash fund balances, January 1, 2008	<u>71,828</u>	<u>103,525</u>	<u>-</u>	<u>175,353</u>
Cash fund balances, December 31, 2008	<u>\$ (22,860)</u>	<u>\$ 111,864</u>	<u>\$ 100,129</u>	<u>\$ 189,133</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH FUND BALANCES - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2008

	Proprietary Fund Type
	Enterprise
Operating cash receipts:	
Charges for services	\$ 433,080
Total operating cash receipts	433,080
Operating cash disbursements:	
Personal services	69,999
Employee fringe benefits	25,222
Contractual services	206,782
Supplies and material	12,205
Miscellaneous	28,352
Total operating cash disbursements	342,560
Operating income/(loss)	90,520
Nonoperating cash receipts/(disbursements):	
Earnings on investments	1,590
Intergovernmental	839,539
Proceeds of notes	247,351
Other sources	3,912
Capital outlay	(1,130,256)
Debt service:	
Principal	(96,634)
Interest	(27,458)
Total nonoperating cash receipts/(disbursements)	(161,956)
Income/(loss) before transfers	(71,436)
Transfers in	55,712
Transfers out	(55,712)
Net Income/(loss)	(71,436)
Cash fund balances, January 1, 2008	194,503
Cash fund balances, December 31, 2008	\$ 123,067

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND ENCUMBRANCES COMPARED WITH EXPENDITURE
AUTHORITY - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2008

Fund Types	Receipts					Disbursements					Variance Favorable (Unfavorable)	
	County Certified Uncumbered Cash	Budget	Total Estimated Resources	Actual 2008 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2008 Appropriations	Total	Actual 2008 Disbursements	Encumbrances Outstanding at 12/31/08		Total
Governmental:												
General	\$ 67,172	\$ 339,054	\$ 406,226	\$ 424,622	\$ 85,568	\$ 4,658	\$ 543,173	\$ 547,831	\$ 519,310	\$ 4,611	\$ 523,921	\$ 23,910
Special Revenue	103,250	233,109	336,359	253,237	20,128	2,776	284,660	287,436	244,898	1,996	246,894	40,542
Capital Projects	-	-	-	172,708	172,708	-	-	-	72,579	-	72,579	(72,579)
Proprietary:												
Enterprise	190,987	421,000	611,987	1,581,184	1,160,184	3,515	1,062,973	1,066,488	1,652,620	1,870	1,654,490	(588,002)
Total	\$ 361,409	\$ 993,163	\$ 1,354,572	\$ 2,431,751	\$ 1,438,588	\$ 10,949	\$ 1,890,806	\$ 1,901,755	\$ 2,489,407	\$ 8,477	\$ 2,497,884	\$ (596,129)

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Governmental Fund Types</u>		<u>Total (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash receipts:			
Local taxes	\$ 79,761	\$ 146,934	\$ 226,695
Intergovernmental	84,591	81,549	166,140
Charges for services	65,469	6,380	71,849
Fines, licenses, and permits	8,634	-	8,634
Interest	9,054	1,988	11,042
Miscellaneous	1,855	-	1,855
Total cash receipts	<u>249,364</u>	<u>236,851</u>	<u>486,215</u>
Cash disbursements:			
Current:			
Security of persons and property	117,449	53,435	170,884
Public health services	-	10,523	10,523
Leisure time activities	-	26,614	26,614
Community environment	1,507	-	1,507
Basic utility services	52,229	2,137	54,366
Transportation	-	106,422	106,422
General government	123,839	10,666	134,505
Debt service:			
Principal retirement	-	1,500	1,500
Total cash disbursements	<u>295,024</u>	<u>211,297</u>	<u>506,321</u>
Total cash receipts over/(under) cash disbursements	<u>(45,660)</u>	<u>25,554</u>	<u>(20,106)</u>
Other financing receipts/(disbursements):			
Other financing sources	<u>20,000</u>	<u>-</u>	<u>20,000</u>
Total other financing receipts/(disbursements)	<u>20,000</u>	<u>-</u>	<u>20,000</u>
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	(25,660)	25,554	(106)
Cash fund balances, January 1, 2007	<u>97,488</u>	<u>77,971</u>	<u>175,459</u>
Cash fund balances, December 31, 2007	<u>\$ 71,828</u>	<u>\$ 103,525</u>	<u>\$ 175,353</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH
FUND BALANCES - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2007

	Proprietary Fund Type
	Enterprise
Operating cash receipts:	
Charges for services	\$ 420,523
Total operating cash receipts	420,523
Operating cash disbursements:	
Personal services	51,127
Employee fringe benefits	16,782
Contractual services	179,903
Supplies and material	10,874
Miscellaneous	3,500
Total operating cash disbursements	262,186
Operating income/(loss)	158,337
Nonoperating cash receipts/(disbursements):	
Interest receipts	4,836
Capital outlay	(62,273)
Debt service:	
Principal	(78,753)
Interest	(30,775)
Total nonoperating cash receipts/(disbursements)	(166,965)
Net income/(loss)	(8,628)
Cash fund balances, January 1, 2007	203,131
Cash fund balances, December 31, 2007	\$ 194,503

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND ENCUMBRANCES COMPARED WITH EXPENDITURE
AUTHORITY - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2007

Fund Types	Receipts				Disbursements					Variance Favorable (Unfavorable)		
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2007 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2007 Appropriations	Total	Actual 2007 Disbursements		Encumbrances Outstanding at 12/31/07	Total
Governmental:												
General	\$ 51,809	\$ 245,679	\$ 297,488	\$ 269,564	\$ 23,685	\$ -	\$ 395,433	\$ 395,433	\$ 295,024	\$ 4,658	\$ 299,682	\$ 95,751
Special Revenue	62,466	220,071	282,537	236,851	16,780	-	262,315	262,315	211,297	2,776	214,073	48,242
Proprietary:												
Enterprise	171,635	424,700	596,335	425,359	659	-	596,334	596,334	433,987	3,515	437,502	158,832
Total (Memorandum Only)	<u>\$ 285,910</u>	<u>\$ 890,450</u>	<u>\$ 1,176,360</u>	<u>\$ 931,574</u>	<u>\$ 41,124</u>	<u>\$ -</u>	<u>\$ 1,254,082</u>	<u>\$ 1,254,082</u>	<u>\$ 940,308</u>	<u>\$ 10,949</u>	<u>\$ 951,257</u>	<u>\$ 302,825</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

NOTE 1 - DESCRIPTION OF THE ENTITY

The Village of Ashley, Delaware County, Ohio (the "Village") is a body corporate and politic established for exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The Village operates under a council-mayor form of government and provides the following services: police protection, water, sewer and trash utility services, street maintenance and repair, as well as other services.

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

See Note 11 for a description of the Village's related organizations.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The most significant of the Village's accounting policies are described below.

A. BASIS OF PRESENTATION - FUND ACCOUNTING

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

Governmental Fund Types

General Fund

The General Fund is used to account for all activities of the Village not required to be included in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds

These funds are used to account for proceeds of specific revenue sources (other than from trusts or for capital projects) that are legally restricted to expenditure for specific purposes.

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The Village had the following significant special revenue funds:

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

Police Levy Fund - This fund receives levied monies and is being used to provide police protection for the Village.

Capital Projects Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except these financed through Enterprise Trust Funds).

The Village had the following capital project fund:

Municipal Building Improvement Fund (2008) - This fund received a transfer from the general fund from excess insurance settlement monies from a municipal building fire to purchase land and construct a new Village municipal building.

Proprietary Fund Types

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.

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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. BUDGETARY PROCESS

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. The primary level of budgetary control is at the object level within a department and fund. Any budgetary modifications at this level may only be made by resolution of the Village's Council. The Village had several budget modifications throughout the years ended December 31, 2008 and 2007.

Tax Budget:

A budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year. All funds, except certain agency funds, are legally required to be budgeted. The expressed purpose of the tax budget is to reflect the need for existing (or increased) tax rates. Delaware County waived this requirement for 2008 and 2007.

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Estimated Resources:

The County Budget Commission determines if the budget substantiates a need to levy the full amount of authorized property tax rates and reviews receipt estimates. The County Budget Commission certifies its actions to the Village by September 1. As part of this certification, the Village receives the official certificate of estimated resources, which states the projected receipts of each fund. On or about January 1, the certificate is amended to include unencumbered fund balances at December 31 of the preceding year. Further amendments may be made during the year if the Village determines that receipts collected will be greater than or less than the prior estimates and the Budget Commission find the revised estimates to be reasonable. Prior to December 31, the Village must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure.

Appropriations:

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriations measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

Encumbrances:

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation.

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated. There were outstanding encumbrances at December 31, 2008 and December 31, 2007.

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. CASH AND CASH EQUIVALENTS

For reporting purposes, the Village considers “Cash and Cash Equivalents” to be cash on hand, demand deposits, and all investments held by the Village with a maturity date less than or equal to three months from the date of purchase. Interest income earned and received by the Village totaled \$8,033 and \$15,878 for the years ended December 31, 2008 and 2007, respectively.

E. PROPERTY, PLANT AND EQUIPMENT

Capital assets are not capitalized in any of the Village’s funds. Instead, capital acquisition and construction costs are reflected as expenditures in the fund in the year expended. The costs of normal maintenance and repairs are also expended, along with improvements. Depreciation is not recorded by the Village.

F. UNPAID VACATION AND SICK LEAVE

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Village.

G. INTERGOVERNMENTAL REVENUES

Intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursable basis are recorded when received in accordance with the Village’s cash basis method of accounting.

H. INTERFUND TRANSACTIONS

During the course of normal operations, the Village had transactions between funds. The most significant include transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the necessary fund and are recorded as operating transfers.

I. TOTAL COLUMNS ON FINANCIAL STATEMENTS

Total columns on the financial statements are captioned “Total (Memorandum Only)” to indicate that they are presented only to facilitate financial analysis. Interfund-type eliminations have not been made in the aggregation of this data.

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

NOTE 3 - COMPLIANCE

- A. The Village received FEMA funds during fiscal year 2008 and did not create a FEMA Fund in noncompliance with Ohio Revised Code Section 5705.09.
- B. The Village maintained negative cash fund balances at December 31, 2008 in noncompliance with Ohio Revised Code Section 5705.10.
- C. The Village had appropriations in excess of estimated resources in noncompliance with Ohio Revised Code Sections 5705.36 and 5705.39 at the years ended December 31, 2008 and December 31, 2007.
- D. The Village did not pass temporary appropriations for 2008 and the permanent appropriations were adopted on May 6, 2008 in noncompliance with Ohio Revised Code Section 5705.38.
- E. The Village had disbursements in excess of appropriations in noncompliance with Ohio Revised Code Sections 5705.40 and 5705.41(B) for the year ended December 31, 2008.
- F. The Village had invoices dated prior to purchase orders in noncompliance with Ohio Revised Code Section 5705.41(D) for the years ended December 31, 2008 and 2007.
- G. The Village certified incorrect balances at January 1, 2007 and January 1, 2008 to the County Auditor in noncompliance with Ohio Revised Code Section 5705.36.

NOTE 4 - CASH AND CASH EQUIVALENTS

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

	<u>2008</u>	<u>2007</u>
Deposits:		
Demand deposits	\$ 224,700	\$ 282,356
Certificate of deposit	<u>87,500</u>	<u>87,500</u>
Total Cash and Cash Equivalents	<u>\$ 312,200</u>	<u>\$ 369,856</u>

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

NOTE 4 - CASH AND CASH EQUIVALENTS - (Continued)

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

NOTE 5 - DEBT OBLIGATIONS

At December 31, 2008 and 2007, debt obligations consisted of the following issuances:

<u>Description</u>	<u>Balance 12/31/08</u>	<u>Balance 12/31/07</u>
Ohio Water Development Authority (OWDA) for water system construction, due in semi-annual installments of \$25,183, through 2011, bearing interest at 6.00%.	\$ 130,339	\$ 167,676
GMAC Commercial Mortgage Sewer Revenue bonds for sewer system construction, due in annual installments of varying amounts through 2016, bearing interest at 5%.	225,000	248,000
Ohio Public Works Commission Loan - Wastewater Treatment Plant Upgrade, due in semi-annual installments of \$4,838, through 2020, bearing no interest.	116,097	125,773
Ohio Public Works Commission Loan - Storm Sewer Improvement, due in semi-annual installments of \$1,500, through 2022, bearing no interest.	42,000	45,000
Delaware County Water Authority Loan for the purchase of a Meter Station located in Ashley, due in monthly installments of \$2,133, through 2011, bearing interest at 4%.	54,978	81,599
Ohio Public Works Commission Loan - Sewer Collection System, loan amount has not been finalized as of December 31, 2008.	<u>247,351</u>	<u>-</u>
Total debt obligations at December 31	<u>\$ 815,765</u>	<u>\$ 668,048</u>

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

NOTE 5 - DEBT OBLIGATIONS - (Continued)

	<u>Balance</u> <u>01/01/08</u>	<u>Proceeds</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/08</u>
OWDA Loan - Water System	\$ 167,676	\$ -	\$ (37,337)	\$ 130,339
Sewer Revenue Bonds	248,000	-	(23,000)	225,000
OPWC Loan-Wastewater Treatment Plant	125,773	-	(9,676)	116,097
OPWC Loan - Storm Sewer	45,000	-	(3,000)	42,000
Delco Meter Station	81,599	-	(26,621)	54,978
OPWC Loan - Sewer Collection System Improvement	<u>-</u>	<u>247,351</u>	<u>-</u>	<u>247,351</u>
Total Debt Obligations	<u>\$ 668,048</u>	<u>\$ 247,351</u>	<u>\$ (99,634)</u>	<u>\$ 815,765</u>
	<u>Restated</u> <u>Balance</u> <u>01/01/07</u>	<u>Proceeds</u>	<u>Retirements</u>	<u>Balance</u> <u>12/31/07</u>
OWDA Loan - Water System	\$ 202,321	\$ -	\$ (34,645)	\$ 167,676
Sewer Revenue Bonds	269,000	-	(21,000)	248,000
OPWC Loan-Wastewater Treatment Plant	130,611	-	(4,838)	125,773
OPWC Loan - Storm Sewer	46,500	-	(1,500)	45,000
Delco Meter Station	<u>99,869</u>	<u>-</u>	<u>(18,270)</u>	<u>81,599</u>
Total Debt Obligations	<u>\$ 748,301</u>	<u>\$ -</u>	<u>\$ (80,253)</u>	<u>\$ 668,048</u>

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

NOTE 5 - DEBT OBLIGATIONS - (Continued)

The principal and interest requirements to retire the debt obligations outstanding at December 31, 2008, are as follows:

Year Ending December 31,	OWDA Loan		Sewer Revenue Bonds		OPWC Loan - Wastewater	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 40,238	\$ 10,128	\$ 24,000	\$ 11,250	\$ 9,676	\$ -
2010	43,364	7,002	25,000	10,050	9,676	-
2011	46,737	3,629	26,000	8,800	9,676	-
2012	-	-	27,000	7,500	9,676	-
2013	-	-	29,000	6,150	9,676	-
2014 - 2018	-	-	94,000	9,550	48,380	-
2019 - 2022	-	-	-	-	19,337	-
Totals	<u>\$ 130,339</u>	<u>\$ 20,759</u>	<u>\$ 225,000</u>	<u>\$ 53,300</u>	<u>\$ 116,097</u>	<u>\$ -</u>

Year Ending December 31,	OPWC Loan - Storm Sewer		Delco Loan		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 3,000	\$ -	\$ 23,826	\$ 1,770	\$ 100,740	\$ 23,148
2010	3,000	-	24,797	799	105,837	17,851
2011	3,000	-	6,355	44	91,768	12,473
2012	3,000	-	-	-	39,676	7,500
2013	3,000	-	-	-	41,676	6,150
2014 - 2018	15,000	-	-	-	157,380	9,550
2019 - 2022	<u>12,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,337</u>	<u>-</u>
Totals	<u>\$ 42,000</u>	<u>\$ -</u>	<u>\$ 54,978</u>	<u>\$ 2,613</u>	<u>\$ 568,414</u>	<u>\$ 76,672</u>

The OPWC - Sewer Collection System Loan has not yet been finalized and currently there is no amortization schedule available.

The Village's initial loan with OWDA was at 7.77%. Effective January 1, 2004, OWDA wrote down the loan to 6.0%. Credit enhancements for the years ended December 31, 2008 and December 31, 2007 were \$1,291 and \$1,558, respectively. The amortization schedule above reflects the Village's future liability at the reduced 6.0% interest rate.

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

NOTE 6 - DEBT COVENANT

The Village's GMAC mortgage revenue bond debt covenant requires the Village to (1) maintain a Sanitary Sewer System Mortgage Revenue Bond and Interest Sinking Fund. These funds are to be established for, and pledged to, the payment of principal and interest on the bonds, a sum equal to the amount of interest due on the next ensuing interest payment date with respect to all bonds outstanding plus the amount necessary to provide for payment of the next ensuing principal maturity of all bonds outstanding, and (2) establish a reserve fund whereby the sum of \$290 each month must be deposited until there is accumulated in such fund the sum of \$34,800, the minimum reserve.

For the years ended December 31, 2008 and 2007 the Village maintained a separate "Reserve Fund" and a "Sinking Fund" in compliance with the GMAC mortgage revenue bond debt covenants. The Village enterprise debt service fund receives a portion of the sewer receipts and/or applicable transfers from the sewer operating fund that is specified by Village ordinance to be allocated to the "Sinking Fund" for the annual principal and interest due to be paid. For the years ended December 31, 2008 and 2007, the Village "Reserve Fund" had \$40,901.

NOTE 7 - PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by 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 on the following June 20.

In prior years, tangible personal property assessments were twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. Tangible personal property tax is being phased out - the assessment percentage for property, including inventory. This percentage was reduced to 12.5% for 2007, 6.25% for 2008, and will be zero for 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

NOTE 7 - PROPERTY TAX - (Continued)

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the Village due to the phasing out of the tax. In calendar years 2006-2010, the Village will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

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

NOTE 8 - 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.

NOTE 9 - RISK MANAGEMENT

Risk Pool Membership

The Village belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 600 Ohio governments ("Members").

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

NOTE 9 - RISK MANAGEMENT - (Continued)

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

Effective September 1, 2002, the Plan began retaining 5% of the premium and losses on the first \$500,000 casualty treaty and 5% of the first \$1,000,000 property treaty. Effective November 1, 2005, the Plan began retaining 15% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty.

The Plan's financial statements conform with accounting principles generally accepted in the United States of America, and reported the following assets, liabilities and retained earnings at December 31, 2008 and 2007:

	2008	2007
Assets	\$ 10,471,114	\$ 11,136,455
Liabilities	(5,286,781)	(4,273,553)
Members' Equity	\$ 5,184,333	\$ 6,862,902

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, www.ohioplan.org.

NOTE 10 - CONTINGENT LIABILITIES

The Village is not currently involved in litigation.

NOTE 11 - RELATED ORGANIZATIONS

- A. The Village of Ashley owns real property for fire protection, formerly used by the Ashley Volunteer Fire Department. The village leases the property for \$1 per year for an indefinite lease term to the Elm Valley Joint Fire District, which is jointly governed by the Village.

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

NOTE 11 - RELATED ORGANIZATIONS - (Continued)

- B. The Ashley Union Cemetery is considered a related organization of the Village. The Cemetery is considered a related organization because the Village appoints a Cemetery Board Member and provides one-half of the Cemetery's financial support. The Financial Statements of the Cemetery can be obtained by writing Mary Ogg, Clerk at 8191 Ashley Road, Ashley, Ohio 43003.

- C. The Village also jointly governs the Elm Valley Joint Fire District. The Fire District is governed by one trustee each from Oxford Township, Peru Township, Westfield Township and the Village of Ashley.

NOTE 12 - OTHER FINANCING SOURCES

Other financing sources consist primarily of insurance settlements from the Village municipal building fire.



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**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***

Members of Council and Mayor
Village of Ashley
20295 Center Street
Upper Sandusky, Ohio 43351

We have audited the financial statements of the Village of Ashley, Delaware County, Ohio, as of and for the years ended December 31, 2008 and 2007 and have issued our report thereon dated June 24, 2009, wherein we noted the Village of Ashley followed accounting practices the Auditor of State prescribes 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 the *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 of Ashley'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 of Ashley's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village of Ashley'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 certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

Members of Council and Mayor
Village of Ashley

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 or control deficiencies, that adversely affects the Village of Ashley'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 a misstatement of the Village of Ashley's financial statements that is more than inconsequential will not be prevented or detected by the Village of Ashley's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting as items: 2008-VOA-001, 2008-VOA-002, 2008-VOA-003 and 2008-VOA-004.

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 of Ashley'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 the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, we consider items 2008-VOA-001, 2008-VOA-002, 2008-VOA-003 and 2008-VOA-004 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Ashley'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 nine instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and responses as items 2008-VOA-005, 2008-VOA-006, 2008-VOA-007, 2008-VOA-008, 2008-VOA-009, 2008-VOA-010, 2008-VOA-011, 2008-VOA-012 and 2008-VOA-013.

We noted certain matters that we reported to the management of the Village of Ashley in a separate letter dated June 24, 2009.

The Village of Ashley's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the Village of Ashley's responses and, accordingly, we express no opinion on them.

Members of Council and Mayor
Village of Ashley

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

Julian & Grube, Inc.

Julian & Grube, Inc.
June 24, 2009

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

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

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2008-VOA-001

Significant Deficiency/Material Weakness

The Village is restating its beginning debt obligation balance at January 1, 2007. The Village did not disclose in its notes to its financial statements debt incurred in 2006 for the purchase of a meter station. The loan proceeds and capital outlay disbursements in the amount of \$115,800 were not recorded in the 2006 audit financial statements. In addition, debt payments of principal and interest in the amount of \$15,931 and \$3,266, respectively, were classified as other expenditures instead of principal and interest. Further, the outstanding loan balance of \$99,869 was not disclosed in the notes to the financial statements.

The notes to the financial statements have been properly restated to reflect outstanding debt obligations at January 1, 2007.

In addition, the Village had the following audit adjustments necessary to properly record activity in 2008 and 2007:

2008 Adjustments:

General Fund

- (1) Decrease of miscellaneous receipts and cash in the amount of \$70,000 due to the fiscal officer recording a temporary receipt for funds not received until 2009.
- (2) Decrease property and local taxes and increase intergovernmental receipts in the amount of \$13,683 to properly record homestead and rollback receipts.
- (3) Decrease miscellaneous receipts in the amount of \$181,281, increase other uses in the amount of \$500, and increase other sources in the amount of \$181,781 due to an insurance settlement and its related insurance deductible.

Special Revenue Fund Type

Street Construction, Maintenance and Repair Fund

- (1) Decrease property and local taxes and increase intergovernmental receipts in the amount of \$10,071 to properly record homestead and rollback receipts.
- (2) Decrease transfer out and increase debt service: principal retirement in the amount of \$3,000 to reflect debt payments in its fund versus transferring to storm sewer debt fund (debt service fund type).
- (3) Increase in transfers in and decrease in transportation disbursements in the amount of \$1,453 to properly record the repayment of FEMA monies received.

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

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

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)
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Finding Number	2008-VOA-001 - (Continued)
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State Highway Fund

- (1) Increase in transfers in and decrease in transportation disbursements in the amount of \$1,294 to properly record the repayment of FEMA monies received.

FEMA Fund

- (1) Increase in transfers out and increase in intergovernmental receipts in the amount of \$2,747 to properly record FEMA monies in a separate fund.

Cemetery Fund

- (1) Decrease property and local taxes and increase intergovernmental receipts in the amount of \$1,611 to properly record homestead and rollback receipts.

Police Levy

- (1) Decrease property and local taxes and increase intergovernmental receipts in the amount of \$9,987 to properly record homestead and rollback receipts.

Parks and Recreation

- (1) Decrease property and local taxes and increase intergovernmental receipts in the amount of \$1,847 to properly record homestead and rollback receipts.

Special Assessment Municipal Building Fund

- (1) Decrease general government disbursements in the amount of \$72,579 and decrease operating transfers in the amount of \$172,508 and decrease cash in the amount of \$100,129 to reclassify the special revenue fund as a capital project fund as the receipts and disbursements are related to the excess insurance settlement proceeds and will be used to build a new municipal building.

Capital Project Fund Type

Municipal Building Improvement Fund

- (1) Increase general government disbursements in the amount of \$72,579 and increase operating transfers in the amount of \$172,508 and increase cash in the amount of \$100,129 to reclassify the special revenue fund as a capital project fund as the receipts and disbursements are related to the excess insurance settlement proceeds and will be used to build a new municipal building.

Debt Service Fund Type

Storm Sewer Debt Fund

- (1) Decrease transfer in and decrease debt service: principal retirement in the amount of \$3,000 to reflect debt payments in its proper fund (street, construction, maintenance and repair) versus transferring to a debt service fund.

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

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

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2008-VOA-001 - (Continued)

Enterprise Fund Type

Water Operating

- (1) Increase principal retirement and decrease interest disbursements in the amount of \$26,621 to properly distinguish between principal and interest payments on Village debt.

Sewer Operating

- (1) Increase intergovernmental receipts in the amount of \$449,000, increase proceeds of notes in the amount of \$247,351 and increase capital outlay in the amount of \$696,351 to record on behalf payments by Ohio Public Works Commission (OPWC) related to both grants and loans.
- (2) Increase capital outlay and intergovernmental receipts in the amount of \$390,539 to record OPWC payments on behalf.

Water Main

- (1) Increase charges for services receipts and decrease special assessments receipts in the amount of \$25,106 for collections required to be maintained per Village ordinance for future repairs and maintenance to the Village water main system.
- (2) Increase capital outlay and decrease miscellaneous disbursements in the amount of \$43,366 for 2008 water main repairs and maintenance.

Sewer Main

- (1) Increase charges for services receipts and decrease special assessments receipts in the amount of \$20,340 for collections required to be maintained per Village ordinance for future repairs and maintenance to the Village sewer main system.
- (2) Decrease miscellaneous disbursements in the amount of \$390,539 and decrease special assessments receipts in the amount of \$394,451 and increase other sources in the amount of \$3,912 to reclassify the sewer on behalf grants and loans to the sewer operating fund.

Sewer Debt

- (1) Increase principal retirement and decrease interest disbursements in the amount of \$9,676 to properly distinguish between principal and interest payments on Village debt.

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

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

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)
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Finding Number	2008-VOA-001 - (Continued)
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2007 Adjustments:

General Fund

- (1) Decrease property and local taxes and increase intergovernmental receipts in the amount of \$10,566 to properly record homestead and rollback receipts.
- (2) Decrease miscellaneous receipts in the amount of \$20,000 and increase other sources in the amount of \$20,000 due to an insurance settlement.

Special Revenue Fund Type

Street Construction, Maintenance and Repair Fund

- (1) Decrease property and local taxes and increase intergovernmental receipts in the amount of \$10,060 to properly record homestead and rollback receipts.
- (2) Decrease transfer out and increase debt service: principal retirement in the amount of \$1,500 to reflect debt payments in its fund versus transferring to storm sewer debt fund (debt service fund type).

Cemetery Fund

- (1) Decrease property and local taxes and increase intergovernmental receipts in the amount of \$1,237 to properly record homestead and rollback receipts.

Police Levy

- (1) Decrease property and local taxes and increase intergovernmental receipts in the amount of \$8,416 to properly record homestead and rollback receipts.

Parks and Recreation

- (1) Decrease property and local taxes and increase intergovernmental receipts in the amount of \$1,439 to properly record homestead and rollback receipts.
- (2) Decrease of charges for services and cash in the amount of \$2,500 due to the fiscal officer recording a temporary receipt for funds not received until 2008.

Debt Service Fund Type

Storm Sewer Debt Fund

- (1) Decrease transfer in and decrease debt service: principal retirement in the amount of \$1,500 to reflect debt payments in its proper fund (street, construction, maintenance and repair versus transferring to a debt service fund).

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

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

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2008-VOA-001 - (Continued)

Enterprise Fund Type

Water Operating

- (1) Increase principal retirement and decrease interest disbursements in the amount of \$18,270 to properly distinguish between principal and interest payments on Village debt.
- (2) Increase cash and charges for services in the amount of \$4,628 due to misposting of receipts.

Sewer Operating

- (1) Increase cash and charges for services in the amount of \$2,270 due to misposting of receipts.

Water Main

- (1) Increase charges for services receipts and decrease special assessments receipts in the amount of \$29,426 for collections required to be maintained per Village ordinance for future repairs and maintenance to the Village water main system.
- (2) Decrease charges for services and cash in the amount of \$4,628 due to misposting of receipts.
- (3) Increase capital outlay disbursements and decrease principal retirement in the amount of \$37,463 to properly records repairs and maintenance disbursements related to the Village's water main.

Sewer Main

- (1) Increase charges for services receipts and decrease special assessments receipts in the amount of \$19,855 for collections required to be maintained per Village ordinance for future repairs and maintenance to the Village sewer main system.
- (2) Decrease charges for services and cash in the amount of \$2,270 due to misposting of receipts.
- (3) Increase capital outlay disbursements and decrease principal retirement in the amount of \$24,810 to properly records repairs and maintenance disbursements related to the Village's sewer main.

Sewer Debt

- (1) Increase charges for services and decrease special assessments in the amount of \$24,000 to properly classify receipts for sewer usage used to repay Village debt obligations.
- (2) Increase principal retirement and decrease interest disbursements in the amount of \$4,838 to properly distinguish between principal and interest payments on Village debt.

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

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

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2008-VOA-001 - (Continued)

Water Debt

- (1) Increase charges for services and decrease special assessments in the amount of \$29,700 to properly classify receipts for water usage used to repay Village debt obligations.

Proper posting of Village revenue and expenditures is a crucial part of the Village’s financial statements as potential users may rely on those to make decisions that could have an impact on the Village. In addition, improper posting of receipts could mislead the Members of Council and Village citizens during the year and additionally may misrepresent individual fund balances and possibly misrepresent budget and planning reports.

We recommend that the Village implement additional internal controls to help ensure revenues and expenditures are properly recorded and reflected in the Village receipts and expenditures. We further recommend the Village implement additional internal controls over financial reporting to help ensure accurate financial reports throughout the year and at year-end. We also recommend the Village consult local government services and UAN for proper posting of transactions.

Client Response: The current Fiscal Officer will attempt to properly post all transactions in the future. She will consult the Village Handbook, Local Government Services and/or its auditors when unusual/or infrequent transactions occur.

Finding Number	2008-VOA-002
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Significant Deficiency/Material Weakness

The Village Fiscal Officer created and posted 18 and 7 Temporary Receipts in the amounts of \$305,000 and \$24,000, in the Village UAN system for 2008 and 2007, respectively. The Village Fiscal Officer created temporary receipts in anticipation of future receipts in order to expend from certain funds which would not be possible without the temporary receipt. Once the actual receipt was received, the Village Fiscal Officer would void the temporary receipt and enter in an actual regular receipt. The amounts of \$235,000 and \$21,500 for 2008 and 2007, respectively, were voided. At each year ended, the Village cash was overstated due to temporary receipts being recorded in the amounts of \$70,000 and \$2,500 for the years ended December 31, 2008 and 2007, respectively.

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

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

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2008-VOA-002 - (Continued)

Temporarily posting of receipts causes the Village to misrepresent its financial position and could potentially lead to fraud and or theft of Village assets, mainly cash. Properly posting of Village receipts and disbursements is a crucial function of the Village’s financial statements as potential users may rely on those to make decisions that could have an impact on the Village. In addition, improper posting of receipts could mislead the Members of Council and Village citizens during the year and additionally may misrepresent individual fund balances and possibly misrepresent budget and planning reports.

We recommend that the Village implement additional internal controls to help ensure receipts are properly recorded. We further recommend the Village implement additional internal controls over financial reporting to help ensure accurate financial reports throughout the year and at the year end. We also recommend the Village consult local government services and UAN for proper posting of transactions.

Client Response: The Village Fiscal Officer was told at training that this was an acceptable practice. The Village Fiscal Officer will no longer post temporary receipts to UAN and more closely monitor fund balance to ensure accurateness in the future.

Finding Number	2008-VOA-003
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Significant Deficiency/Material Weakness

The Village lacks significant internal controls to ensure that employees and vendors are paid proper amounts in accordance with approved annual salaries and contracts. In addition pay dates were not made in accordance with established Village guidelines, which created some employees to be paid prior to work performed. Further, the Village currently pays its employees on a weekly basis.

Currently, the Village’s payroll process only involves one person, the Village Fiscal Officer, whom reviews and processes timesheet data, prepares payroll disbursements, reviews payroll ledgers, finalizes each payroll and reconciles the Village bank accounts. This combination of duties is incompatible and significantly increases the chance of an error or irregularity going undetected.

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

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

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2008-VOA-003 - (Continued)

We recommend that some of these functions be segregated among other employees or council members to protect the assets of the Village. In addition, we recommend the Village establish internal controls to further mitigate the risk of fraud and or misappropriation of Village assets. We further recommend the Village Council review its frequency of payments and consider hiring an outside vendor to perform payroll functions; this may facilitate segregation of duties and help with Village effectiveness and efficiency.

Client Response: The Village will evaluate and receive quotations from vendors to perform some of the Village payroll functions; in addition, the Village will establish additional internal controls to help ensure that employees and vendors are paid in accordance with approved salaries and contracts. Effective May 6, 2008, the Village required two signatures on all checks issued and the Village Council has begun to take a more active role in the Village finances and placed internal control review procedures in place.

Finding Number	2008-VOA-004
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Significant Deficiency/Material Weakness

On May 6, 2008 the Village Council approved Resolution 2008-011 requiring two signatures on all checks written to verify the disbursement was authorized by the Village and to establish additional internal controls in regards to the disbursement transaction cycle. The Village Fiscal Officer failed to acquire two signatures before sending out checks for 56 out of 848 checks written after the effective date of the resolution. In addition, 48 check numbers indicated in the UAN system did not agree to the check number that cleared the bank. Further, 4 checks were written to different vendors than indicated in the Village UAN system.

Not having proper authorization of expenditures is in violation of Village policy and could lead to misappropriation and or fraud of Village assets, mainly cash. When strictly followed, this policy provides for strong control over the cash disbursement process.

We recommend the Village Fiscal Officer adhere to Village policies and that authorized check signers review monthly bank statements to ensure dual signatures were acquired. In addition, we recommend the Village adopt internal controls to further mitigate the risk of future noncompliance.

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

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

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2008-VOA-004 - (Continued)

Client Response: The Village Council will take a more active role in monitoring disbursements and implementing additional controls, such as maintain a manual log of checks issued (presented for dual signature) to help ensure that all checks have been presented and no checks are unaccounted for.

Finding Number	2008-VOA-005
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Ohio Revised Code 5705.09 requires that each subdivision must establish a special fund for each class of revenues derived from a source other than the general property tax, which the law requires to be used for a particular purpose. In addition, Auditor of State Bulletin 98-013 requires that a special fund be created for any FEMA Grant monies received by an entity.

The Village received FEMA Grant funds for two different disasters during fiscal year 2008 and did not create a special fund in accordance with the Ohio Revised Code and Auditor of State Ohio Technical Bulletin.

By not creating a special FEMA Grant Fund caused the Village to not be compliant with the Ohio Revised Code and Auditor of State Ohio Bulletin. The audited financial statements have included an adjustment to properly record the FEMA activity in accordance with the technical building as indicated and included in 2008-VOA-001.

We recommend the Village carefully review its grant agreements and documents and guidance provided by the awarding agency to ensure that activity is properly accounted for in accordance with such agreements. In addition, we recommend the Village Fiscal Officer and Council frequent the Auditor of State’s offices for guidance on common financial occurrences that are unique. In addition, we recommend the Village adopt internal controls to further mitigate any future noncompliance with the Ohio Revised Code, Auditor of State Ohio Technical Bulletin and Village Ordinances.

Client Response: The Village will review grant agreements regarding accounting requirements and consult with Local Government Services if questions arise.

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

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

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2008-VOA-006

Ohio Revised Code Section 5705.10, in part, requires that on a cash basis, no fund shall have a negative fund balance during the year or at year end.

The Village maintained a negative cash fund balances in the following funds:

December 31, 2008

General Fund	\$22,859
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Enterprise Fund Type

Water Main	\$3,980
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Sewer Main	\$1,565
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By expending funds prior to receipt of monies, these funds maintained a negative cash fund balance at the year ended December 31, 2008.

We recommend that the Village properly expend monies only after funds have been received. If funds are anticipated but not yet received and expenditures are necessary, the Village should address these concerns immediately and prior to expenditure with the Village Council and consider short-term financing.

Client Response: The Village will monitor fund balances more closely in future fiscal years.

Finding Number	2008-VOA-007
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Ohio Revised Code Section 5705.36 requires subdivisions to certify to the County Auditor the amount available from all sources for expenditures from each fund in the tax budget along with any balances which existed at the end of the preceding year on or about the first day of each fiscal year.

The Village did not certify the correct unencumbered fund balances at January 1, 2007 and January 1, 2008, in part due to the recording of temporary receipts.

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

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

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2008-VOA-007 - (Continued)

The Village is not properly certifying its most current estimated resources to the appropriate authorities as required by law. By not certifying accurate unencumbered cash at January 1, 2007 and January 1, 2008, the Village does not have proper estimated resources in which to appropriate against.

We recommend that the Village consult the Ohio Compliance Supplement and its auditors to ensure that Village fund balances agree to audited reports. This will enable the County Auditor to perform the proper certification with accurate information. This will in turn allow the Village to properly appropriate funds within its available resources.

Client Response: The Village will recertify beginning balances at January 1, 2009 at the conclusion of the audit for the year ended December 31, 2008 to the County Auditor and will monitor in the future to ensure proper balances are certified.

Finding Number	2008-VOA-008
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Ohio Revised Code Sections 5705.36, in part, requires Fiscal Officers to certify to the County Auditor the total amount from all sources which are available for expenditures from each fund in the tax budget along with any unencumbered balances that existed at the end of the preceding year.

During the fiscal years ended December 31, 2008 and 2007, the Village did not request enough amended certificates throughout the year upon notice of increased or decreased resources.

The Village is not properly certifying its most current estimated resources to the appropriate authorities and thus causing appropriations to exceed estimated resources.

We recommend that the Village certify its available sources at year end and file amended certificates as necessary throughout the year. This will facilitate the Village's appropriation process.

Client Response: The Village will attempt to monitor its estimated revenues more closely and will request amended certificates as needed.

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

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

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
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Finding Number	2008-VOA-009
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Ohio Revised Code Section 5705.38 requires local governments to file an appropriation measure on or about the first of the year. An entity has the option to postpone the permanent appropriation until April 1st; however, a temporary measure must be passed.

The Village could not provide evidence of any approved temporary appropriations for 2008. The permanent appropriations were approved on May 6, 2008.

The Village is not able to effectively budget, nor legally spend monies without an appropriation measure (temporary or permanent) in place.

We recommend the Village prepare a tickler file to ensure appropriation measures are passed in a timely manner. We further recommend that the Village Council consider approving temporary appropriations if it is anticipated that approved permanent appropriations will be delayed until April 1st. The temporary appropriation may be based on prior year actual expenditures.

Client Response: The Village will implement procedures to ensure that temporary and permanent appropriations are timely approved and evidenced in the Council minutes.

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

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

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2008-VOA-010

Ohio Revised Code Section 5705.39 in part requires that total appropriations from each fund should not exceed total estimated resources.

The Village had appropriations in excess of estimated resources at December 31, 2008 and December 31, 2007 in the following funds:

	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Excess</u>
<u>December 31, 2008</u>			
General	\$ 406,226	\$ 543,173	\$ 136,947
<u>Special Revenue Fund Type:</u>			
Parks and Recreation	23,807	24,970	1,163
<u>Enterprise Fund Type:</u>			
Water Operating	250,779	284,905	34,126
Sanitary Sewer Operating	177,663	634,727	457,064
<u>December 31, 2007</u>			
General	297,488	395,433	97,945

With appropriations exceeding estimated resources, the Village is appropriating monies that are not in the Treasury or in the process of collection that have been certified with the County Auditor. Thus, over-appropriating may cause expenditures to increase and cause a deficit fund balance.

We recommend the Village comply with the Ohio Revised Code by monitoring appropriations so they do not exceed estimated resources. This may be achieved by monitoring the budget more closely on a continual basis and amending estimated resources or appropriations as necessary.

Client Response: The Fiscal Officer will attempt to update estimated revenues on a more-timely basis.

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

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

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)
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Finding Number	2008-VOA-011
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Ohio Revised Code Section 5705.40 in part requires that any appropriation measure may be amended or supplemented if the entity complies with the same laws used in making the original appropriation. However, no appropriation may be reduced below an amount sufficient to cover all un-liquidated and outstanding contracts or obligations against them.

The Village had total expenditures exceeding total appropriations throughout the year and at the year ended December 31, 2008 due to the Village not timely or properly approving temporary and permanent appropriations.

By not timely and properly modifying the Village's appropriations, the Village is not adequately monitoring its expenditures versus appropriations. This may result in appropriating monies in excess of estimated resources, and having expenditures exceed appropriations, and possibly, fund deficits.

We recommend that the Village comply with the Ohio Revised Code and Auditor of State Bulletin 97-010 by keeping more accurate appropriations records and amending the appropriations throughout the year and prior to year end. In addition, the Village should monitor its budgetary process on a regular basis.

Client Response: The Village Fiscal Officer is attempting to make appropriation modifications as approved by Council and certify them to the county in a more-timely manner.

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

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

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2008-VOA-012

Ohio Revised Code Section 5705.41(B) requires in part that no subdivision is to expend monies unless it has been appropriated.

The Village had expenditures exceeding appropriations in all funds during the year ended December 31, 2008 due to not passing temporary or permanent appropriations in a timely manner.

The Village also had expenditures exceeding appropriations at the year ended December 31, 2008 in the following funds:

<u>Captial Project Fund:</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
Municipal Building Improvement	\$ -	\$ 72,579	\$ 72,579
 <u>Enterprise Fund:</u>			
Sanitary Sewer Operating	634,727	1,222,952	588,225

Disclosure is presented at the fund level due to the impracticality of disclosing at the department and object level.

With disbursements exceeding appropriations, the Village is spending monies that have not been lawfully appropriated by Village Council. This may result in unnecessary spending or overspending which may result in a negative fund balance.

We recommend that the Village comply with the Ohio Revised Code and the Auditor of State Bulletin 97-010 by monitoring their expenditures so they do not exceed lawful appropriations and amending the budget prior to year end. This may be achieved by monitoring the budget more closely on a continual basis.

Client Response: The Village Council will attempt to pass amended appropriations as needed in accordance with the Ohio Revised Code.

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

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

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2008-VOA-013

Ohio Revised Code Section 5705.41 (D) requires that no orders or contracts involving the expenditure of monies are to be made unless there is certificate of the Fiscal Officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

For the fiscal years ended December 31, 2008 and 2007, 13% and 36%, respectively, of expenditures tested were not certified in a timely manner.

Without timely certification, the Village may expend more funds than available in the treasury, or in the process of collection, or appropriated. This may also result in unnecessary purchases.

We recommend that all orders or contracts involving the expenditure of money be timely certified to ensure all monies expended are lawfully appropriated and available in the treasury or in the process of collection and or a "Then & Now" certification is approved on the purchase order.

Client Response: The Village Fiscal Officer is working to certify expenditures more-timely.



Mary Taylor, CPA
Auditor of State

VILLAGE OF ASHLEY

DELAWARE COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JULY 6, 2010