



bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

VILLAGE OF ASHVILLE
PICKAWAY COUNTY

REGULAR AUDIT

For the Years Ended December 31, 2016 and 2015
Fiscal Years Audited Under GAGAS: 2016 and 2015



Dave Yost • Auditor of State

Village Council
Village of Ashville
200 Station Street
Ashville, Ohio 43103

We have reviewed the *Independent Auditor's Report* of the Village of Ashville, Pickaway County, prepared by BHM CPA Group, Inc., for the audit period January 1, 2015 through December 31, 2016. 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.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Ashville is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

September 18, 2017

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Village of Ashville
Pickaway County, Ohio
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Independent Auditor's Report

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

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts, and disbursements by fund type and related notes of the Village of Ashville, Pickaway County, (the Village), as of and for the years ended December 31, 2016 and 2015.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis permitted is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2016 and 2015, or changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Ashville, Pickaway County, as of December 31, 2016 and 2015, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 12, 2017, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standard* in considering the Village's internal control over financial reporting and compliance.



BHM CPA Group, Inc.
Piketon, Ohio
May 12, 2017

**VILLAGE OF ASHVILLE
PICKAWAY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Local Taxes	\$ 146,342	\$ -	\$ -	\$ 146,342
Municipal Income Tax	1,102,542	-	-	1,102,542
Intergovernmental	61,560	222,178	76,975	360,713
Charges for Services	344,758	-	-	344,758
Fines, Licenses, and Permits	96,859	20,702	-	117,561
Earnings on Investments	2,026	110	-	2,136
Miscellaneous	4,122	13,804	-	17,926
	<u>1,758,209</u>	<u>256,794</u>	<u>76,975</u>	<u>2,091,978</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Security of Persons & Property	847,455	-	-	847,455
Public Health Service	9,187	-	-	9,187
Leisure Time Activities	51,157	-	-	51,157
Community Environment	44,449	-	-	44,449
Basic Utility Services	317,330	-	-	317,330
Transportation	119,249	151,820	-	271,069
General Government	325,446	11,053	-	336,499
Capital Outlay	-	-	76,975	76,975
Debt Service:				
Redemption of Principal	27,513	9,647	-	37,160
Interest and Fiscal Charges	1,577	468	-	2,045
	<u>1,743,363</u>	<u>172,988</u>	<u>76,975</u>	<u>1,993,326</u>
Total Cash Disbursements				
<i>Excess of Receipts Over (Under) Disbursements</i>	14,846	83,806	-	98,652
Other Financing Receipts (Disbursements):				
Transfers-Out	(10,000)	-	-	(10,000)
Advances-Out	(25,000)	-	-	(25,000)
	<u>(35,000)</u>	<u>-</u>	<u>-</u>	<u>(35,000)</u>
Total Other Financing Receipts (Disbursements)				
<i>Net Change in Fund Cash Balances</i>	(20,154)	83,806	-	63,652
Fund Cash Balances, January 1	<u>376,118</u>	<u>69,839</u>	<u>-</u>	<u>445,957</u>
Restricted	-	148,881	-	148,881
Committed	-	4,764	-	4,764
Unassigned	<u>355,964</u>	<u>-</u>	<u>-</u>	<u>355,964</u>
Fund Cash Balances, December 31	<u>\$ 355,964</u>	<u>\$ 153,645</u>	<u>\$ -</u>	<u>\$ 509,609</u>

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

VILLAGE OF ASHVILLE
PICKAWAY COUNTY

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals Only</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$ 1,307,937	\$ -	\$ 1,307,937
Fines, Licenses & Permits	<u>3,185</u>	<u>7,800</u>	<u>10,985</u>
Total Operating Cash Receipts	1,311,122	7,800	1,318,922
Operating Cash Disbursements			
Personal services	222,701	-	222,701
Fringe benefits	108,347	-	108,347
Contractual services	285,581	-	285,581
Supplies and Materials	129,518	20,413	149,931
Other	<u>2,175</u>	<u>-</u>	<u>2,175</u>
Total Operating Cash Disbursements	<u>748,322</u>	<u>20,413</u>	<u>768,735</u>
<i>Operating Income (Loss)</i>	562,800	(12,613)	550,187
Non-Operating Receipts (Disbursements)			
Miscellaneous Receipts	3,951	-	3,951
Other Debt Proceeds	6,950,151	-	6,950,151
Capital Outlay	(6,099,837)	-	(6,099,837)
Debt Service:			
Principal	(1,004,707)	-	(1,004,707)
Interest	(61,543)	-	(61,543)
Other Non-operating Receipts	-	10,370	10,370
Other Non-operating Disbursements	<u>(14,065)</u>	<u>(4,512)</u>	<u>(18,577)</u>
Total Non-Operating Receipts (Disbursements)	<u>(226,050)</u>	<u>5,858</u>	<u>(220,192)</u>
<i>Income (Loss) Before Transfers and Advances</i>	336,750	(6,755)	329,995
Transfers and Advances			
Transfers-In	-	10,000	10,000
Advances-In	<u>25,000</u>	<u>-</u>	<u>25,000</u>
Total Transfers and Advances	<u>25,000</u>	<u>10,000</u>	<u>35,000</u>
<i>Net Change in Fund Cash Balances</i>	361,750	3,245	364,995
Fund Cash Balances, January 1	<u>671,642</u>	<u>15,028</u>	<u>686,670</u>
Fund Cash Balances, December 31	<u>\$ 1,033,392</u>	<u>\$ 18,273</u>	<u>\$ 1,051,665</u>

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

**VILLAGE OF ASHVILLE
PICKAWAY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Local Taxes	\$ 140,670	\$ -	\$ -	\$ 140,670
Municipal Income Tax	1,093,962	-	-	1,093,962
Intergovernmental	63,245	224,999	245,646	533,890
Charges for Services	332,409	-	-	332,409
Fines, Licenses, and Permits	80,611	1,110	-	81,721
Earnings on Investments	1,925	435	-	2,360
Miscellaneous	2,401	-	-	2,401
	<u>1,715,223</u>	<u>226,544</u>	<u>245,646</u>	<u>2,187,413</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Security of Persons & Property	827,794	-	-	827,794
Public Health Service	9,145	-	-	9,145
Leisure Time Activities	55,064	450	-	55,514
Community Environment	42,307	-	-	42,307
Basic Utility Services	334,308	-	-	334,308
Transportation	135,181	299,312	-	434,493
General Government	365,031	26,889	-	391,920
Capital Outlay	26,505	-	245,646	272,151
Debt Service:				
Redemption of Principal	51,378	13,893	-	65,271
Interest and Fiscal Charges	2,596	1,031	-	3,627
	<u>1,849,309</u>	<u>341,575</u>	<u>245,646</u>	<u>2,436,530</u>
Total Cash Disbursements				
<i>Excess of Receipts Over (Under) Disbursements</i>	(134,086)	(115,031)	-	(249,117)
Other Financing Receipts (Disbursements):				
Proceeds of Notes	26,505	-	-	26,505
	<u>26,505</u>	<u>-</u>	<u>-</u>	<u>26,505</u>
Total Other Financing Receipts (Disbursements)				
<i>Net Change in Fund Cash Balances</i>	(107,581)	(115,031)	-	(222,612)
Fund Cash Balances, January 1	483,699	184,870	-	668,569
Restricted	-	65,225	-	65,225
Committed	-	4,614	-	4,614
Unassigned	376,118	-	-	376,118
	<u>376,118</u>	<u>69,839</u>	<u>-</u>	<u>445,957</u>
Fund Cash Balances, December 31				

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

**VILLAGE OF ASHVILLE
PICKAWAY COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Proprietary Fund Type	Fiduciary Fund Type	(Memorandum Only)
	Enterprise	Agency	
Operating Cash Receipts:			
Charges for Services	\$ 1,017,949	\$ -	\$ 1,017,949
Fines, Licenses & Permits	35	-	35
Total Operating Cash Receipts	1,017,984	-	1,017,984
Operating Cash Disbursements			
Personal services	209,495	-	209,495
Fringe benefits	129,878	-	129,878
Contractual services	268,343	-	268,343
Supplies and Materials	151,133	-	151,133
Other	3,223	-	3,223
Total Operating Cash Disbursements	762,072	-	762,072
<i>Operating Income (Loss)</i>	255,912	-	255,912
Non-Operating Receipts (Disbursements)			
Miscellaneous Receipts	20,908	-	20,908
Special Assessments	33	-	33
Other Debt Proceeds	406,657	-	406,657
Capital Outlay	(647,036)	-	(647,036)
Debt Service:			
Principal	(122,063)	-	(122,063)
Interest	(14,385)	-	(14,385)
Other Non-operating Receipts	-	9,912	9,912
Other Non-operating Disbursements	(4,665)	(11,217)	(15,882)
Total Non-Operating Receipts (Disbursements)	(360,551)	(1,305)	(361,856)
<i>Income (Loss) Before Transfers</i>	(104,639)	(1,305)	(105,944)
<i>Net Change in Fund Cash Balances</i>	(104,639)	(1,305)	(105,944)
Fund Cash Balances, January 1	776,281	16,333	792,614
Fund Cash Balances, December 31	\$ 671,642	\$ 15,028	\$ 686,670

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, 2016 AND 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Ashville, Pickaway County, Ohio, (the Village) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides water and sewer utilities, waste removal services, park operations (leisure time activities), and police services. The Village contracts with Harrison Township for fire protection services.

The Village participates in three jointly governed organizations, and the Ohio Plan Risk Management, Inc. (OPRM). Notes 8 and 9 to the financial statements provide additional information for these entities. These organizations are:

North Gate Alliance Cooperative Economic Development Agreement (CEDA) – the Village Council approved an agreement with the Pickaway County Board of Commissioners, Harrison Township, and the Village of South Bloomfield to cooperate in creating and preserving jobs and employment opportunities and to cooperate in including and fostering economic development. See Note 9 for further information.

Northern Pickaway County Joint Economic Development District (JEDD) – The Village Council approved formation of this JEDD with the City of Columbus and Harrison Township. The parties have entered into a contract to create and provide for the operation of the JEDD in accordance with Sections 715.72 through 715.83 of the Ohio Revised Code. See Note 9 for further information.

Madison Township Joint Economic Development District (JEDD) – The Village Council approved formation of this JEDD with the City of Columbus and Madison Township. The parties have entered into a contract to create and provide for the operation of the JEDD in accordance with Sections 715.72 through 715.83 of the Ohio Revised Code. See Note 9 for further information.

Ohio Plan Risk Management, Inc (OPRM) - Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

**VILLAGE OF ASHVILLE
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Accounting Basis (continued)

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

C. Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

D. Fund Accounting

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

1. General Fund:

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds:

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

Street Construction, Maintenance and Repair Fund – This fund receipts gasoline tax and motor vehicle tax money to construct, maintain and repair Village streets.

Permissive Motor Vehicle License Tax Fund – This fund receipts permissive motor vehicle tax money to maintain and repair roads that run through the Village.

3. Capital Projects Funds:

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project fund:

Grant Commission Fund – This fund is used to record construction related payments made on-behalf of the Village.

**VILLAGE OF ASHVILLE
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Fund Accounting (continued)

4. Enterprise Funds:

These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

Water Fund – This fund receives charges for services from residents to cover the cost of providing water services.

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

Storm Water Fund - This fund receives charges for services from residents to cover the cost of providing sewer services.

5. Fiduciary Funds (Agency Funds):

Fiduciary funds include an agency fund, which is purely custodial in nature and used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency funds account for Mayor's Court activity and to hold and disburse monies related to development within the Village.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object by department level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. 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 approve estimated resources.

**VILLAGE OF ASHVILLE
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgetary Process (continued)

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 2016 and 2015 budgetary activity appears in Note 3.

F. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

**VILLAGE OF ASHVILLE
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Fund Balance (continued)

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

H. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

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

	<u>2016</u>	<u>2015</u>
Demand deposits	\$1,561,274	\$1,132,627
Total deposits:	<u>\$1,561,274</u>	<u>\$1,132,627</u>

Deposits: The Village's deposits are insured by the Federal Deposit Insurance Corporation, or collateralized by securities specifically pledged by the financial institution to the Village.

**VILLAGE OF ASHVILLE
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2016 and December 31, 2015, was as follows:

2016 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 1,998,099	\$ 1,758,209	\$ (239,890)
Special Revenue	268,964	256,794	(12,170)
Capital Projects	76,975	76,975	0
Enterprise	<u>16,653,891</u>	<u>8,265,224</u>	<u>(8,388,667)</u>
Total	<u>\$ 18,997,929</u>	<u>\$ 10,357,202</u>	<u>\$ (8,640,727)</u>

2016 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Disbursements</u>	<u>Variance</u>
General	\$ 1,998,016	\$1,743,363	\$ 254,653
Special Revenue	234,595	172,988	61,604
Capital Projects	76,975	76,975	0
Enterprise	<u>16,294,641</u>	<u>7,928,474</u>	<u>8,366,167</u>
Total	<u>\$ 18,604,227</u>	<u>\$ 9,921,800</u>	<u>\$ 8,682,424</u>

2015 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 2,100,935	\$ 1,715,223	\$ (385,712)
Special Revenue	450,600	226,544	(224,056)
Capital Projects	245,646	245,646	0
Enterprise	<u>2,307,307</u>	<u>1,445,582</u>	<u>(861,725)</u>
Total	<u>\$ 5,104,488</u>	<u>\$ 3,632,995</u>	<u>\$ (1,471,493)</u>

**VILLAGE OF ASHVILLE
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

3. BUDGETARY ACTIVITY (CONTINUED)

2015 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Disbursements</u>	<u>Variance</u>
General	\$ 2,100,935	\$ 1,849,309	\$ 251,626
Special Revenue	449,082	341,575	107,507
Capital Projects	245,646	245,646	0
Enterprise	<u>2,312,666</u>	<u>2,301,690</u>	<u>10,976</u>
Total	<u>\$ 5,108,329</u>	<u>\$ 4,738,220</u>	<u>\$ 370,109</u>

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.

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

5. LOCAL INCOME TAX

The Village levies a municipal income tax of 1 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Income tax collections are processed by the Regional Income Tax Agency (RITA). RITA collects the income tax on-behalf of the Village and remits it to the Village. The tax payments received from RITA are recorded in the accompanying financial statements as municipal income tax receipts.

Employers within the Village and employers of Village residents withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**VILLAGE OF ASHVILLE
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

6. DEBT

Debt outstanding at December 31, 2016 was as follows:

	Principal	Interest Rate
OWDA Loan #7256*	\$6,924,386	0.48%
Bank Loan – Sewage System	308,371	3.75%
Bank Loan – Backhoe	11,495	3.00%
Bank Loan – 2014 Cruiser	8,378	3.00%
Bank Loan – 2015 Cruiser	16,348	3.00%
Bank Loan – Dump Truck	29,838	3.00%
Total	\$7,298,816	

The Ohio Water Development Authority (OWDA) loan relates to an ongoing sewer project. The OWDA has approved financing up to \$13,871,723 for this project; as of December 31, 2016 project expenditures were \$6,924,386. An amortization schedule is not available yet.

The Village issued FmHA Mortgage Revenue Bonds in 1989 for the construction of a sewage system. During 2011 the Village obtained a bank loan at a lower interest rate and used the proceeds to retire the outstanding FmHA mortgage revenue bonds. The new loan, with an original amount of \$424,764, accrues interest at 3.75% and is payable in semi-annual payments of \$18,639 through 2026.

The above loans are collateralized by water and sewer receipts.

In 2012 the Village obtained a bank loan, for purchase of a backhoe, for \$55,986. The loan accrues interest at 3% and is payable in annual installments of \$12,225, including interest, 2013 through 2017.

In 2013 the Village obtained a bank loan, for the purchase of a dump truck, for \$71,500. The loan accrues interest at 2.90% and is payable in bi-annual installments of \$7,733, including interest, through 2018.

In 2014 the Village obtained a bank loan, for the purchase of a cruiser, for \$26,534. The loan accrues interest at 3% and is payable in annual installments of \$9,315, including interest, through 2017.

In 2015 the Village obtained a bank loan, for the purchase of a cruiser, for \$26,505. The loan accrues interest at 3% and is payable in annual installments of \$9,261, including interest, through 2018.

In addition to the debt listed above, the Village agreed to guarantee a portion of a \$500,000 loan made by the Ohio Department of Development to the Pickaway Progress Partnership (P3), which is the area community improvement corporation. The Village’s guarantee is limited to \$20,000, and was required to be made from a dedicated account; to meet this compliance requirement the Village Council authorized an appropriation of \$20,000 with resolution 10 – 2097 from the General Fund.

**VILLAGE OF ASHVILLE
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

6. DEBT (CONTINUED)

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

	Bank Loan Sewage	Bank Loan Backhoe	Bank Loan 2014 Cruiser	Bank Loan 2015 Cruiser
Year Ending December 31:				
2017	\$37,279	\$12,225	\$9,315	\$9,261
2018	37,279	0	0	7,717
2019	37,279	0	0	0
2020	37,279	0	0	0
2021	37,279	0	0	0
2022-2026	143,086	0	0	0
Totals	<u>\$329,481</u>	<u>\$12,225</u>	<u>\$9,315</u>	<u>\$16,978</u>

	Bank Loan Dump Truck
Year Ending December 31:	
2017	\$15,466
2018	7,731
2019	0
2020	0
2021	0
Totals	<u>\$23,197</u>

*The loan for OWDA 7256 has not been finalized; therefore, an amortization schedule is not available.

7. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability.

Contribution rates are also prescribed by the Ohio Revised Code. From January 1, 2015 through June 30, 2015, OP&F participants contributed 11.5% of their wages, from July 1, 2015 through December 31, 2016, OP&F participants contributed 12.25% of their wages. The Village contributed an amount equal to 19.5% of police participant wages. PERS members contributed 10% of gross wages. The Village contributed an amount equal to 14% of participants' gross wages. The Village has paid all contributions required through December 31, 2016.

**VILLAGE OF ASHVILLE
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

8. RISK MANAGEMENT

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. Effective November 1, 2014, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 772 and 783 members as of December 31, 2015 and 2014 respectively.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2015 and 2014 (the latest information available).

	<u>2015</u>	<u>2014</u>
Assets	\$14,643,667	\$14,830,185
Liabilities	<u>(9,112,030)</u>	<u>(8,942,504)</u>
Members' Equity	<u>\$5,531,637</u>	<u>\$5,887,681</u>

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

9. JOINT VENTURES

North Gate Alliance Co-operative Economic Development Agreement (CEDA) – The CEDA agreement addresses the issues of utility services, annexation, road maintenance, fire and emergency service, and joint planning in the CEDA area, which includes the Village. The North Gate Alliance CEDA also provides for the sharing of income tax on any new businesses locating in the agreement area.

**VILLAGE OF ASHVILLE
PICKAWAY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

9. JOINT VENTURES (CONTINUED)

Northern Pickaway County Joint Economic Development District (JEDD) – this JEDD was created to facilitate economic development to create or preserve jobs and employment opportunities and to improve the economic welfare of the people in the State of Ohio, Pickaway County, the Village, the City of Columbus, and Harrison Township. The contracting parties have previously contributed an aggregate amount of \$18,468 to pay initial formation, administration and other costs related to the District. The Village did not contribute funds to the formation of the District, but agreed to the annexation moratorium described below. A Board of Directors has been established, which includes one member representing Columbus, one representing Harrison Township, and one member selected by the two members described above.

The Board shall adopt bylaws and procedures for the regulations of the affairs of the Board and the conduct of business of the Board consistent with the Contract including the election of Board officers, the holdings and conducting of regular and special meetings, obtaining fiduciary bonds in connection with the Board's duties, the appropriations procedures to provide for payment of the expenses of the District and distribution of income tax revenues pursuant to the Contract, and the purchasing of goods and services and the making of capital improvements. The District's fiscal year is a calendar year, and the Board adopts an annual budget.

Overriding the JEDD agreement is an Annexation Moratorium Agreement (the "Agreement") dated August 30, 2007 by and among the City of Columbus, Ohio ("Columbus"), the Village, the Village of South Bloomfield, Ohio ("South Bloomfield"), and Harrison Township. This agreement established a 50-year moratorium on annexation of an area of land bounded by Harrison Township line in the east, the Scioto River in the west and Duvall Road in the south by any of the municipalities that are a party to the agreement.

Madison Township Joint Economic Development District (JEDD) - this JEDD was created to facilitate economic development to create or preserve jobs and employment opportunities and to improve the economic welfare of the people in the State of Ohio, Pickaway County, the Village, the City of Columbus, and Madison Township. A Board of Directors has been established, which includes one member representing Columbus, one representing Madison Township, and one member selected by the other two members described above. The Board shall adopt bylaws and procedures for the regulations of the affairs of the Board and the conduct of business of the Board consistent with the Contract including the election of Board officers, the holdings and conducting of regular and special meetings, obtaining fiduciary bonds in connection with the Board's duties, the appropriations procedures to provide for payment of the expenses of the District and distribution of income tax revenues pursuant to the Contract, and the purchasing of goods and services and the making of capital improvements. The District's fiscal year shall be the calendar year. The Board shall adopt an annual budget for the District.

10. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.



**Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Required by *Government Auditing Standards***

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

To the Village Council:

We have audited, in accordance with the auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Village of Ashville, Pickaway County, (the Village) as of and for the years ended December 31, 2016 and 2015 and the related notes to the financial statements, and have issued our report thereon dated May 12, 2017, wherein we noted the Village followed financial reporting provisions that Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2016-001 described in the accompanying schedule of findings to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit, and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Entity's Response to Findings

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

Purpose of this Report

This report only describes the scope of our internal control testing and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "BHM CPA Group". The letters are cursive and somewhat stylized.

BHM CPA Group, Inc.
Piketon, Ohio
May 12, 2017

**Village of Ashville
Pickaway County
Schedule of Findings
December 31, 2016 and 2015**

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

FINDING NUMBER	2016-001
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MATERIAL WEAKNESS

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

Material and immaterial misstatements were identified during the course of the audit which have not been prevented or detected by the Village's internal controls over financial reporting. Misstatements were identified in the following areas:

- Intergovernmental revenues,
- General Government expense,
- Principal Payments expense,
- Interest and Fiscal Charges expense,
- Other Financing Sources
- Other Financing Uses
- Fund Balance

To ensure the Village's financial statements and notes to the financial statements are complete and accurate, we recommend the Fiscal Officer review the Ohio Village Officer's Handbook for guidance on the correct line item to post various receipts and expenditures of the Village.

Client Response: The Fiscal Officer will be more aware of proper posting of revenues and expenditures.

**VILLAGE OF ASHVILLE
PICKAWAY COUNTY
DECEMBER 31, 2016 AND 2015**

SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2014-001	Material Weakness – Financial Reporting	No	Reissued as 2016-001

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Dave Yost • Auditor of State

VILLAGE OF ASHVILLE

PICKAWAY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
SEPTEMBER 28, 2017