

**VILLAGE OF ASHLEY  
DELAWARE COUNTY, OHIO**

*Financial Statements  
(Audited)*

For the Year Ended  
December 31, 2017



OHIO AUDITOR OF STATE  
KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
IPARreport@ohioauditor.gov  
(800) 282-0370

Members of Council and Mayor  
Village of Ashley  
3 North Harrison 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, 2017 through December 31, 2017. 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 Ashley is responsible for compliance with these laws and regulations

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

September 17, 2019

**This page intentionally left blank.**

**VILLAGE OF ASHLEY  
DELAWARE COUNTY, OHIO**

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report .....	1 - 2
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types For the Year Ended December 31, 2017 .....	3
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Proprietary and Fiduciary Fund Types For the Year Ended December 31, 2017 .....	4
Notes to the Financial Statements.....	5 - 14
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	15 - 16
Schedule of Findings and Responses.....	17 - 20
Summary Schedule of Prior Audit Findings.....	21 - 23

**This page intentionally left blank.**



# Julian & Grube, Inc.

*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

## **Independent Auditor's Report**

Village of Ashley  
Delaware County  
3 North Harrison Street  
Ashley, Ohio 43003

To the Members of Council and Mayor:

### ***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 Ashley, Delaware County, Ohio, as of and for the year ended December 31, 2017.

### ***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 of Ashley'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 of Ashley's internal control. Accordingly, we express no such 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 opinions.

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

As described in Note 2 of the financial statements, the Village of Ashley 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 of Ashley 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 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 of Ashley as of December 31, 2017, and the respective changes in financial position thereof for the year then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Village of Ashley, Delaware County, as of December 31, 2017, for the year 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 2.

***Emphasis of Matter***

As discussed in Note 13 to the financial statements, during 2017, the Village of Ashley determined that a restatement to the beginning cash fund balance of the General fund was necessary to adjust for an outstanding reconciling item. We did not modify our opinion regarding this matter.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 12, 2019, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Ashley's internal control over financial reporting and compliance.



Julian & Grube, Inc.  
July 12, 2019



**Village of Ashley**  
*Delaware County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2017*

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$ 99,927	\$ 126,329	\$ 226,256
Municipal Income Tax	202,185	-	202,185
Intergovernmental	29,188	68,314	97,502
Charges for Services	83,812	12,126	95,938
Fines, Licenses and Permits	7,809	47	7,856
Earnings on Investments	5,483	-	5,483
Miscellaneous	11,528	4,013	15,541
<i>Total Cash Receipts</i>	<u>439,932</u>	<u>210,829</u>	<u>650,761</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	-	121,817	121,817
Public Health Services	-	10,823	10,823
Leisure Time Activities	-	32,066	32,066
Basic Utility Services	74,771	-	74,771
Transportation	-	61,590	61,590
General Government	124,528	28,689	153,217
Debt Service:			
Principal Retirement	6,165	6,975	13,140
Interest and Fiscal Charges	559	221	780
<i>Total Cash Disbursements</i>	<u>206,023</u>	<u>262,181</u>	<u>468,204</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>233,909</u>	<u>(51,352)</u>	<u>182,557</u>
<b>Other Financing Receipts (Disbursements)</b>			
Transfers In	-	57,000	57,000
Transfers Out	(57,000)	-	(57,000)
Other Financing Uses	(25)	-	(25)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(57,025)</u>	<u>57,000</u>	<u>(25)</u>
<i>Net Change in Fund Cash Balances</i>	176,884	5,648	182,532
<i>Fund Cash Balances, January 1 (Restated)</i>	<u>51,900</u>	<u>90,644</u>	<u>142,544</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	-	96,292	96,292
Unassigned (Deficit)	228,784	-	228,784
<i>Fund Cash Balances, December 31</i>	<u>\$ 228,784</u>	<u>96,292</u>	<u>\$ 325,076</u>

*See accompanying notes to the financial statements*

**Village of Ashley**  
*Delaware County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Proprietary and Fiduciary Fund Types*  
*For the Year Ended December 31, 2017*

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
<b>Operating Cash Receipts</b>			
Charges for Services	\$ 596,924	\$ -	\$ 596,924
Miscellaneous	2,681	-	2,681
<i>Total Operating Cash Receipts</i>	<u>599,605</u>	<u>-</u>	<u>599,605</u>
<b>Operating Cash Disbursements</b>			
Personal Services	56,233	-	56,233
Employee Fringe Benefits	20,357	-	20,357
Contractual Services	324,929	22,665	347,594
Supplies and Materials	10,035	-	10,035
Other	344	-	344
<i>Total Operating Cash Disbursements</i>	<u>411,898</u>	<u>22,665</u>	<u>434,563</u>
<i>Operating Income (Loss)</i>	<u>187,707</u>	<u>(22,665)</u>	<u>165,042</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Property and Other Local Taxes	-	20,907	20,907
Intergovernmental	95,307	1,757	97,064
Special Assessments	45,008	-	45,008
Loans Issued	143,362	-	143,362
Other Debt Proceeds	59,000	-	59,000
Capital Outlay	(74,087)	-	(74,087)
Principal Retirement	(192,646)	-	(192,646)
Interest and Other Fiscal Charges	(1,582)	-	(1,582)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>74,362</u>	<u>22,664</u>	<u>97,026</u>
<i>Income (Loss) before Transfers</i>	262,069	(1)	262,068
Transfers In	70,800	-	70,800
Transfers Out	(70,800)	-	(70,800)
<i>Net Change in Fund Cash Balances</i>	262,069	(1)	262,068
<i>Fund Cash Balances, January 1</i>	<u>213,353</u>	<u>1</u>	<u>213,354</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 475,422</u>	<u>\$ -</u>	<u>\$ 475,422</u>

*See accompanying notes to the financial statements*

**Village of Ashley, Ohio**  
*Delaware County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

---

**Note 1 - Reporting Entity**

The Village of Ashley (the Village), Delaware County, 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. A publicly-elected six-member Council directs the Village. The Village provides water, sewer, and trash utilities, street maintenance and repair, park operations, and police services. The Village contracts with Elm Valley Joint Fire District to receive fire protection services.

***Jointly Governed Organization, Public Entity Risk Pools, and Related Organizations***

The Village participates in a jointly governed organization, two public entity risk pools, and is associated with two related organizations. Notes 6, 9, 10, and 11 to the financial statements provides additional information for these entities. The organizations are:

**Public Entity Risk Pools:**

**Ohio Plan Risk Management, Inc.**

The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverage to its members.

**Ohio Municipal League Group Rating Plan (GRP)**

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker's compensation.

**Jointly Governed Organization:**

**Elm Valley Joint Fire District**

The District provides fire protection services within the Village.

**Related Organizations:**

**Ashley Union Cemetery**

The Village appoints a Cemetery Board Member and serves as fiscal agent to the Cemetery.

**Wornstaff Memorial Public Library**

The Village receives and disburses property tax monies, collected by Delaware County, to the Library.

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

**Note 2 - Summary of Significant Accounting Policies**

***Basis of Presentation***

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

**Village of Ashley, Ohio**  
*Delaware County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

---

**Note 2 - Summary of Significant Accounting Policies (Continued)**

***Fund Accounting***

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported 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 account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

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

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

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

***Water Fund*** This fund receives charges for services from residents to cover water service costs.

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

***Fiduciary Funds*** Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs. The Village has no trust funds.

***Agency funds*** are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund accounts for property taxes collected and disbursed to the Wornstaff Memorial Public Library.

***Basis of Accounting***

These financial statements follow 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). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 Ashley, Ohio**  
*Delaware County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

---

**Note 2 - Summary of Significant Accounting Policies (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.

***Budgetary Process***

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

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

***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.

***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 2017 budgetary activity appears in Note 3.

***Deposits and Investments***

The Village's accounting basis includes deposits as assets. The Village has no investments.

***Capital Assets***

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

***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.

***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:

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

***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.

**Village of Ashley, Ohio**  
*Delaware County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

**Note 2 - Summary of Significant Accounting Policies (Continued)**

**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.

**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.

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

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

**Note 3 - Budgetary Activity**

Budgetary activity for the year ending December 31, 2017 was as follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 297,206	\$ 439,932	\$ 142,726
Special Revenue	285,000	267,829	(17,171)
Enterprise	1,121,300	1,013,082	(108,218)
Fiduciary	22,615	22,664	49
Total	\$ 1,726,121	\$ 1,743,507	\$ 17,386

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 332,455	\$ 264,048	\$ 68,407
Special Revenue	340,362	264,294	76,068
Enterprise	1,365,766	751,943	613,823
Fiduciary	22,665	22,665	-
Total	\$ 2,061,248	\$ 1,302,950	\$ 758,298

**Village of Ashley, Ohio**  
*Delaware County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

---

**Note 4 - Deposits**

The Village maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31, 2017 was as follows:

	<u>2017</u>
Demand deposits	\$800,498

***Deposits***

Deposits are insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Village.

**Note 5 - Taxes**

***Property Taxes***

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.

Public utilities are also taxed on personal and real property located within the Village.

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

***Income Taxes***

Effective January 1, 2016, 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.

Employers within the Village 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. Income tax revenue is credited to the General fund.

**Village of Ashley, Ohio**  
*Delaware County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

---

**Note 6 - Risk Management**

***Risk Pool Membership***

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (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. Until November 1, 2017, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% 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 764 members as of December 31, 2017.

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, 2017.

	<u>2017</u>
Assets	\$ 14,853,620
Liabilities	<u>(9,561,108)</u>
Member's Equity	<u>\$ 5,292,512</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).



**Village of Ashley, Ohio**  
*Delaware County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

---

**Note 7 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Full-time employees, other than full-time Police Officers, belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2017.

***Ohio Police and Fire Retirement System***

The Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postemployment healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2017.

***Social Security***

Other part-time Village employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2017.

**Note 8 - Debt**

Debt outstanding at December 31, 2017 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OPWC Loan (CQ27D)	\$15,000	0.00%
OPWC Loan (CQ32A)	29,025	0.00%
OPWC Loan (CQ20K)	321,913	0.00%
FCB Water Tower Loan	50,808	3.50%
FCB 2016 Ford F-250	5,140	3.00%
FCB 2016 Municipal Building Renovations Project	15,035	3.50%
OWDA Loan (7870)	123,052	*
Total	<u>\$559,973</u>	

\*Loan not closed yet; information not available

**Village of Ashley, Ohio**  
*Delaware County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

---

**Note 8 - Debt (Continued)**

The Ohio Public Works Commission (OPWC) loans were issued for a wastewater treatment plant upgrade, a storm sewer improvement, and a sewer collection system. Payments are due semiannually each year. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The Ohio Water Development Authority (OWDA) loan was issued for a wastewater treatment plant upgrade. Payments will be due semiannually each year. The Village has agreed to set utility rates sufficient to cover the OWDA debt service requirements. This loan has not yet closed out and an amortization schedule is not available, therefore, this loan is not included in the amortization table below.

On February 26, 2016, the Village entered into a loan agreement with the Delaware County Bank (DCB) for \$12,000 with an interest rate of 3.00% for the purpose of purchasing a 2016 Ford Truck to be used by the Village's street maintenance crew. Principal and interest payments are due in monthly installments of \$350 for 36 months ending on March 11, 2019. During 2017, the First Commonwealth Bank (FCB) acquired the DCB. The FCB chose not to change the terms of the Village's loan, previously held by the DCB.

On April 12, 2016, the Village entered into a loan agreement with the Delaware County Bank (DCB) for \$25,000 with an interest rate of 3.50% for the Village's Building Renovations Project. Principal and interest payments are due in monthly installments of \$560 for 48 months ending on April 27, 2020. During 2017, the First Commonwealth Bank (FCB) acquired the DCB. The FCB chose not to change the terms of the Village's loan, previously held by the DCB.

On March 24, 2017, the Village entered into a loan agreement with First Commonwealth Bank (FCB) for \$59,000 with an interest rate of 3.50% for the Village's Water Tower Project. Principal and interest payments are due in monthly installments of \$1,075 for 60 months ending on March 24, 2022.

***Amortization***

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

Year ending December 31:	OPWC Loans	FCB Loans
2018	\$ 27,648	\$ 23,816
2019	27,648	20,669
2020	27,648	15,143
2021	17,973	12,897
2022	17,973	3,225
2023 - 2027	74,863	-
2028 - 2032	74,863	-
2033 - 2037	74,863	-
2038 - 2039	22,459	-
Total	\$ 365,938	\$ 75,750

**Village of Ashley, Ohio**  
*Delaware County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

---

**Note 9 - Jointly Governed Organization**

The Village of Ashley owns real property that was formerly used for fire protection by the Elm Valley Fire District, which is jointly governed by the Village. With the Elm Valley Fire District completing their new building on their property, the Village regained possession of the building and after renovations were done, it now is the Village Municipal Building. The Fire District is governed by one trustee each from Oxford Township, Peru Township, Westfield Township and the Village of Ashley.

**Note 10 - Public Entity Risk Pool**

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker's compensation. The pool's business and affairs are conducted by a twenty-six-member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

**Note 11 - Related Organizations**

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 collects a property tax to assist in financially supporting the Cemetery. The financial statements of the Cemetery can be obtained by writing Mary Ogg, Clerk at 8191 Ashley Road, Ashley, Ohio 43003.

The Wornstaff Memorial Public Library is considered a related organization of the Village. The Village of Ashley and Oxford Township belong to the library district for the Wornstaff Memorial Public Library. The Wornstaff Memorial Public Library is an associate library and has no authority to levy a tax. The Wornstaff Memorial Public Library Board has a resolution and requested the two districts (Village of Ashley and Oxford Township) to place a levy on each respective ballot for general expenses of the library. When the Village receives levy proceeds, those proceeds are then distributed to the Wornstaff Memorial Public Library. The first levy was passed in May 2010. A renewal levy was passed by the voters in May 2015. The financial statements of the Wornstaff Memorial Public Library can be obtained by writing Linda Thomas, Fiscal Officer, Wornstaff Memorial Public Library, 302 E. High Street, Ashley, OH 43003.

**Note 12 - Compliance**

The Village was in noncompliance with the following:

- Ohio Revised Code Section 5705.36 for not timely requesting amended certificates throughout the year, as well as not recertifying the updated beginning unencumbered fund balances with the County Budget Commission.
- Ohio Revised Code Section 5705.39 for having appropriations in excess of Estimated Resources.
- Ohio Revised Code Section 5705.36(A)(4) for having appropriations in excess of Actual Resources.
- Ohio Revised Code Section 5705.41(D) for not certifying expenditures timely.

**Village of Ashley, Ohio**  
*Delaware County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

---

**Note 13 - Restatement**

During 2017, the Village of Ashley determined that a restatement to the beginning cash fund balance of the General fund was necessary to adjust for an outstanding reconciling item. The effect of this restatement is shown below:

	General Fund
Fund Cash Balance as previously reported	<u>\$ 62,212</u>
Adjustment for outstanding reconciling item	<u>(10,312)</u>
Restated Fund Cash Balance at January 1, 2017	<u><u>\$ 51,900</u></u>

**Note 14 - Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 1 percent of the employer contribution to fund these benefits, and OP&F contributes 0.5 percent to fund these benefits.



**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

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

Village of Ashley  
Delaware County  
3 North Harrison Street  
Ashley, Ohio 43003

To the Members of Council and Mayor:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Ashley, Delaware County, Ohio, as of and for the year ended December 31, 2017, and the related notes to the financial statements, and have issued our report thereon dated July 12, 2019, wherein we noted the Village of Ashley followed the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. In addition, as discussed in Note 13, the Village of Ashley determined that a restatement to the beginning cash fund balance of the General fund was necessary to adjust for an outstanding reconciling item.

***Internal Control Over Financial Reporting***

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider material weaknesses. We consider findings 2017-001 through 2017-005 to be material weaknesses.

***Compliance and Other Matters***

As part of reasonably assuring whether the Village of Ashley'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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings and responses as items 2017-002 through 2017-005.

***Village of Ashley's Responses to Findings***

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 subject the Village of Ashley's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

***Purpose of this Report***

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



Julian & Grube, Inc.  
July 12, 2019

**VILLAGE OF ASHLEY  
DELAWARE COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2017**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>	
Finding Number	2017-001

Material Weakness - Financial Statement Presentation

Accurate financial reporting is required in order to provide management and other stakeholders with objective and timely information to enable well-informed decisions.

Certain adjustments were made to the financial statements and related notes, to properly state financial statement amounts.

The audited financial statements, related notes, and Village records have been adjusted for the misstatements identified during the audit.

In general, an accounting and information system should be designed to provide management with accurate and timely information to enable well-informed business decisions to be made. The present control and monitoring system does not include a second review of the financial statement to ensure the information accurately portrays the activities of the Village.

We recommend the Village consult with their auditors, the Village Officers Handbook, the Auditor of State and/or Ohio Municipal League to help ensure accurate financial reporting.

*Client Response:* The Fiscal Officer will work to provide a sound fiscal environment for the Village and has implemented additional policies and procedures to help with financial statement presentation.

Finding Number	2017-002
----------------	----------

Noncompliance/Material Weakness

Ohio Revised Code Section 5705.36 in part, requires subdivisions to request increased or reduced amended certificates of estimated resources upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the last certified amended certificate. Ohio Revised Code Section 5705.36 also requires the Village to certify the proper unencumbered beginning balances to the County Auditor on or about the first of each year.

The Village did not request timely amended certificates throughout the year upon notice of increased or decreased resources. Furthermore, the Village did not recertify the updated beginning unencumbered fund balances as of the beginning of the year.

The Village is not properly certifying its most current estimated resources, including the correct unencumbered fund balances, to the appropriate authorities and thus causing appropriations to exceed estimated resources.

**VILLAGE OF ASHLEY  
DELAWARE COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2017**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS – (Continued)</b>	
Finding Number	2017-002 – (Continued)

We recommend the Village review its available resources versus its appropriations throughout the year and file amended certificates when necessary. We also recommend the Village review the unencumbered fund balances per its accounting system to ensure the proper estimated resources are certified. This will facilitate the Village’s appropriation process.

*Client Response:* The Fiscal Officer will work to provide a sound fiscal environment for the Village and has implemented additional policies and procedures to help with financial statement presentation.

Finding Number	2017-003
----------------	----------

Noncompliance/Material Weakness

Ohio Revised Code Section 5705.39 requires that a subdivision’s total appropriations from each fund should not exceed total estimated resources.

The Village had appropriations, exceeding total estimated resources, in the following funds:

Fund (Fund type)	Appropriations	Estimated Resources	Excess
Cemetery (Special Revenue Fund)	\$ 11,124	\$ 11,109	\$ (15)
Police Levy (Special Revenue Fund)	151,528	143,433	(8,095)
Sewer Main Assessment (Enterprise Fund)	50,400	47,064	(3,336)
WWTP Project 2015 (Enterprise Fund)	696,286	616,600	(79,686)
Water Tower Project 2017 (Enterprise Fund)	59,000	-	(59,000)
Sewer Debt Service Reserve (Enterprise Fund)	60,711	43,004	(17,707)

With appropriations exceeding estimated resources, the Village may spend more funds than available or in process of collection and cause fund deficits.

We recommend the Village comply with the Ohio Revised Code and Auditor of State Bulletin 97-010 and continually monitor appropriations versus estimated resources records. If it is determined that estimated resources will be different than initially anticipated, the Village should amend its estimate and also amend the appropriations as necessary; however, appropriations should not exceed estimated resources.

*Client Response:* These were oversights that will be corrected in the future.



**VILLAGE OF ASHLEY  
DELAWARE COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2017**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS – (Continued)</b>	
Finding Number	2017-004

Noncompliance/Material Weakness

Ohio Revised Code Section 5705.36 (A)(4) states that upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the fiscal officer shall certify the amount of the deficiency to the commission, and the commission shall certify an amended certificate reflecting the deficiency.

The Village had appropriations, exceeding total actual resources, in the following funds:

Fund (Fund type)	Appropriations	Actual Resources	Excess
Police Levy (Special Revenue Fund)	151,528	123,940	(27,588)
WWTP Project 2015 (Enterprise Fund)	696,286	79,013	(617,273)

By appropriating more funds than actual resources, the Village is at risk of spending more money than is available; this may result in negative fund balances.

We recommend the Village monitor estimated resources in comparison with actual resources and appropriations, and if necessary, obtain a decreased amended certificate and amend appropriations accordingly. Further guidance may be found in Auditor of State bulletin 97-010.

Client Response: Going forward we will amend certificates of estimated resources as needed.

Finding Number	2017-005
----------------	----------

Noncompliance/Material Weakness

Ohio Revised Code Section 5705.41(D) requires that no orders or contracts involving the expenditure of money are to be made unless there is a 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.

The Village had 51.06% of expenditures that were not timely certified.

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

**VILLAGE OF ASHLEY  
DELAWARE COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2017**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS – (Continued)</b>	
Finding Number	2017-005 – (Continued)

We recommend 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. A policy and procedure statement adopted by the Council and distributed at least annually may be beneficial. The Village should consider using “Then” and “Now” certificates where applicable.

*Client Response:* The Village is continually trying to improve its ordering and purchasing processes to decrease its noncompliance percentage and help insure all purchased items are timely approved, as evidenced by a purchase order dated prior to the invoice date.

**VILLAGE OF ASHLEY  
DELAWARE COUNTY, OHIO**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2017**

<u>Finding Number</u>	<u>Year Initially Occurred</u>	<u>Finding Summary</u>	<u>Status</u>	<u>Additional Information</u>
2016-001	2009	<u>Material Weakness – Cash Reconciliations</u> – The Village did perform bank to book reconciliations throughout 2016 and 2015; however, reconciliations were not performed timely or on a monthly basis and they were not reviewed and approved by Council. Additionally, the reconciliations did not agree with the Uniform Accounting Network (UAN) system.	Corrective Action Taken and Finding is Fully Corrected	N/A
2016-002	2007	<u>Material Weakness – Financial Statement Presentation</u> – Accurate financial reporting is required in order to provide management and other stakeholders with objective and timely information to enable well-informed decisions. Numerous adjustments were made to the financial statements and related notes.	Not Corrected	Repeated as Finding 2017-001 as audit adjustments were posted to the financial statements and related notes.
2016-003	2014	<u>Noncompliance/Significant Deficiency – Monitoring of Financial Reports</u> – Ohio Admin. Code § 117-2-02(A), states, in part, all public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, and report the transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements, and prepare financial statements. Financial records were not timely updated by the Fiscal Officer.	Partially Corrected	Moved to Management Letter
2016-004	2015	<u>Noncompliance/Material Weakness</u> – Ohio Revised Code Section 5705.36 in part, requires subdivisions to request increased or reduced amended certificates of estimated resources upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the last certified amended certificate. Ohio Revised Code Section 5705.36 also requires the Village to certify the proper unencumbered beginning balances to the County Auditor on or about the first of each year. The Village did not timely or accurately amended its certificate of estimated resources.	Not Corrected	Repeated as Finding 2017-002 as the Village’s certificate of estimated resources was not accurately reported or amended timely.

**VILLAGE OF ASHLEY  
DELAWARE COUNTY, OHIO**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2017**

<u>Finding Number</u>	<u>Year Initially Occurred</u>	<u>Finding Summary</u>	<u>Status</u>	<u>Additional Information</u>
2016-005	2015	<u>Noncompliance/Material Weakness</u> – Ohio Revised Code Section 5705.40 outlines the requirements for amending and supplementing appropriations. This section requires that any amendments to an appropriation measure must be made by Council resolution and comply with the same provisions of the law as used in developing the original appropriations. The Village did not timely or accurately amended appropriations.	Corrective Action Taken and Finding is Fully Corrected	N/A
2016-006	2015	<u>Noncompliance/Material Weakness</u> – 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 plus outstanding encumbrances in excess of appropriations.	Corrective Action Taken and Finding is Fully Corrected	N/A
2016-007	2013	<u>Noncompliance/Material Weakness</u> – Ohio Revised Code Section 5705.39 requires that a subdivision’s total appropriations from each fund should not exceed total estimated resources. The Village had appropriations in excess of estimated resources in certain funds.	Not Corrected	Repeated as Finding 2017-003 as certain funds had appropriations in excess of estimated resources.
2016-008	2015	<u>Noncompliance/Material Weakness</u> – Ohio Revised Code Section 5705.36 (A)(4) states that upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the fiscal officer shall certify the amount of the deficiency to the commission, and the commission shall certify an amended certificate reflecting the deficiency. Certain funds had appropriations in excess of actual resources.	Not Corrected	Repeated as Finding 2017-004 as certain funds had appropriations in excess of actual resources.

**VILLAGE OF ASHLEY  
DELAWARE COUNTY, OHIO**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2017**

<u>Finding Number</u>	<u>Year Initially Occurred</u>	<u>Finding Summary</u>	<u>Status</u>	<u>Additional Information</u>
2016-009	2015	<u>Noncompliance</u> – Ohio Administrative Code Section 117-2-02(C)(1) requires local public offices to integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted balances of appropriations. The Village’s UAN accounting system included appropriations that were not legal since they were not approved by council.	Corrective Action Taken and Finding is Fully Corrected	N/A
2016-010	2015	<u>Noncompliance</u> – Ohio Revised Code Section 733.81 – Fiscal Integrity Act requires any elected or appointed fiscal officer to complete at least six hours of initial education programs before commencing, or during the first year of office. An additional eighteen hours of continuing education must be completed within the fiscal officer’s first term. Twelve hours of training shall be completed for each subsequent term. The Village Fiscal Officer could not provide evidence of any completed continuing education programs.	Corrective Action Taken and Finding is Fully Corrected	N/A

**This page intentionally left blank.**

OHIO AUDITOR OF STATE  
**KEITH FABER**



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  
OCTOBER 1, 2019