

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

*Financial Statements
(Audited)*

For The Years Ended
December 31, 2004 and 2003

GRACE HINES, CLERK/TREASURER



**Auditor of State
Betty Montgomery**

Members of Council and Mayor
Village of Ashley
Ashley, Ohio

We have reviewed the *Independent Accountant's Report* of the Village of Ashley, Delaware County, prepared by Julian & Grube, Inc., for the audit period January 1, 2003 through December 31, 2004. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

A handwritten signature in black ink that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

September 12, 2005

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**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

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JULIAN & GRUBE, INC.

“SERVING OHIO LOCAL GOVERNMENTS”

333 County Line Road West
Westerville, Ohio 43082

Telephone 614.846.1899
Facsimile 614.846.2799

Independent Accountant's Report

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

We have audited the accompanying financial statements of the Village of Ashley, Delaware County, as of and for the years ended December 31, 2004 and 2003. These financial statements are the responsibility of the Village of Ashley's management. Our responsibility is to express an opinion on these financial statements based on our audit.

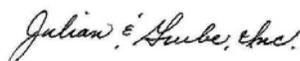
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 2, the Village of Ashley prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America. Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, we presume they are material.

In our opinion, because of the effects of the matters discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village of Ashley as of December 31, 2004 and 2003, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash fund balances of the Village of Ashley, Delaware County, Ohio, as of December 31, 2004 and 2003, and its combined cash receipts and disbursements and combined budgeted and actual receipts and budgeted and actual disbursements for the years then ended on the basis of accounting described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 15, 2005, on our consideration of the Village of Ashley's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Julian & Grube, Inc.
July 15, 2005

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

COMBINED STATEMENT OF CASH FUND BALANCES
ALL FUND TYPES
DECEMBER 31, 2004 AND 2003

<u>Cash and Cash Equivalents</u>	2004	2003
Cash and Cash Equivalents	\$ 416,765	\$ 413,161
Total Cash and Cash Equivalents	\$ 416,765	\$ 413,161
<u>Cash Fund Balances</u>		
<u>Governmental Fund Types:</u>		
General Fund	\$ 73,199	\$ 63,363
Special Revenue Funds	99,638	100,057
Total Governmental Fund Types	172,837	163,420
<u>Proprietary Fund Type:</u>		
Enterprise Funds	243,928	249,741
Total Fund Balances	\$ 416,765	\$ 413,161

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

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash receipts:				
Local taxes	\$ 84,396	\$ 113,059	\$ -	\$ 197,455
Intergovernmental	102,784	68,816	27,580	199,180
Charges for services	85,392	-	-	85,392
Fines, licenses, and permits	3,427	-	-	3,427
Interest	1,497	492	-	1,989
Total cash receipts	<u>277,496</u>	<u>182,367</u>	<u>27,580</u>	<u>487,443</u>
Cash disbursements:				
Current:				
Security of persons and property	60,807	61,374	-	122,181
Public health services	-	11,643	-	11,643
Leisure time activities	13,701	-	-	13,701
Community environment	20,456	-	-	20,456
Basic utility services	58,560	-	-	58,560
Transportation	-	85,376	-	85,376
General government	75,569	21,393	-	96,962
Capital outlay	38,302	-	27,580	65,882
Debt service:				
Principal retirement	-	3,000	-	3,000
Total cash disbursements	<u>267,395</u>	<u>182,786</u>	<u>27,580</u>	<u>477,761</u>
Total cash receipts over/(under) cash disbursements	<u>10,101</u>	<u>(419)</u>	<u>-</u>	<u>9,682</u>
Other financing (disbursements):				
Other uses	(265)	-	-	(265)
Total other financing (disbursements)	<u>(265)</u>	<u>-</u>	<u>-</u>	<u>(265)</u>
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	9,836	(419)	-	9,417
Cash fund balances, January 1, 2004	<u>63,363</u>	<u>100,057</u>	<u>-</u>	<u>163,420</u>
Cash fund balances, December 31, 2004	<u>\$ 73,199</u>	<u>\$ 99,638</u>	<u>\$ -</u>	<u>\$ 172,837</u>

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

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH
FUND BALANCES - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2004

	Proprietary Fund Type
	Enterprise
Operating cash receipts:	
Charges for services	\$ 386,881
Total operating cash receipts	386,881
Operating cash disbursements:	
Personal services	144,105
Contractual services	82,782
Supplies and material	74,736
Capital outlay	1,581
Total operating cash disbursements	303,204
Operating income	83,677
Nonoperating cash receipts/(disbursements):	
Intergovernmental	1,124
Interest receipts	2,509
Other financing sources	5,550
Other financing uses	(4,300)
Debt service:	
Principal	(57,429)
Interest	(36,944)
Total nonoperating cash receipts/(disbursements)	(89,490)
Net loss	(5,813)
Cash fund balances, January 1, 2004	249,741
Cash fund balances, December 31, 2004	\$ 243,928

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

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND ENCUMBRANCES COMPARED WITH EXPENDITURE
AUTHORITY - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2004

Fund Types	Receipts					Disbursements						
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2004 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2004 Appropriations	Total	Actual 2004 Disbursements	Encumbrances Outstanding at 12/31/04	Total	Variance Favorable (Unfavorable)
Governmental:												
General	\$ 63,363	\$ 257,610	\$ 320,973	\$ 277,496	\$ 19,886	\$ -	\$ 320,973	\$ 320,973	\$ 267,660	\$ -	\$ 267,660	\$ 53,313
Special Revenue	100,057	165,066	265,123	182,367	17,301	-	265,122	265,122	182,786	-	182,786	82,336
Capital Project	-	27,580	27,580	27,580	-	-	27,580	27,580	27,580	-	27,580	-
Proprietary:												
Enterprise	249,741	361,000	610,741	396,064	35,064	-	596,732	596,732	401,877	-	401,877	194,855
Total												
(Memorandum Only)	\$ 413,161	\$ 811,256	\$ 1,224,417	\$ 883,507	\$ 72,251	\$ -	\$ 1,210,407	\$ 1,210,407	\$ 879,903	\$ -	\$ 879,903	\$ 330,504

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

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash receipts:				
Local taxes	\$ 48,951	\$ 113,873	\$ -	\$ 162,824
Intergovernmental	84,762	62,344	6,000	153,106
Charges for services	73,897	-	-	73,897
Fines, licenses, and permits	4,570	-	-	4,570
Interest	1,147	386	-	1,533
Total cash receipts	<u>213,327</u>	<u>176,603</u>	<u>6,000</u>	<u>395,930</u>
Cash disbursements:				
Current:				
Security of persons and property	75,857	59,908	-	135,765
Public health services	-	11,604	-	11,604
Leisure time activities	11,339	-	-	11,339
Community environment	19,989	-	-	19,989
Basic utility services	60,156	-	-	60,156
Transportation	-	49,452	-	49,452
General government	76,318	12,682	-	89,000
Capital outlay	20,000	1,747	6,000	27,747
Debt service:				
Principal retirement	-	3,000	-	3,000
Total cash disbursements	<u>263,659</u>	<u>138,393</u>	<u>6,000</u>	<u>408,052</u>
Total cash receipts over/(under) cash disbursements	(50,332)	38,210	-	(12,122)
Cash fund balances, January 1, 2003	<u>113,695</u>	<u>61,847</u>	<u>-</u>	<u>175,542</u>
Cash fund balances, December 31, 2003	<u>\$ 63,363</u>	<u>\$ 100,057</u>	<u>\$ -</u>	<u>\$ 163,420</u>

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

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH
FUND BALANCES - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2003

	Proprietary Fund Type
	Enterprise
Operating cash receipts:	
Charges for services	\$ 350,435
Total operating cash receipts	350,435
Operating cash disbursements:	
Personal services	112,205
Contractual services	60,582
Supplies and material	48,695
Capital outlay	43,070
Total operating cash disbursements	264,552
Operating income	85,883
Nonoperating cash receipts/(disbursements):	
Intergovernmental	1,124
Interest receipts	1,371
Other financing sources	5,100
Other financing uses	(3,700)
Debt service:	
Principal	(54,356)
Interest	(40,934)
Total nonoperating cash receipts/(disbursements)	(91,395)
Net loss	(5,512)
Cash fund balances, January 1, 2003	255,253
Cash fund balances, December 31, 2003	\$ 249,741

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

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND ENCUMBRANCES COMPARED WITH EXPENDITURE
AUTHORITY - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2003

Fund Types	Receipts						Disbursements					
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2003 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2003 Appropriations	Total	Actual 2003 Disbursements	Encumbrances Outstanding at 12/31/03	Total	Variance Favorable (Unfavorable)
Governmental:												
General	\$ 113,695	\$ 187,221	\$ 300,916	\$ 213,327	\$ 26,106	\$ -	\$ 300,916	\$ 300,916	\$ 263,659	\$ -	\$ 263,659	\$ 37,257
Special Revenue	61,847	155,089	216,936	176,603	21,514	-	216,936	216,936	138,393	-	138,393	78,543
Capital Projects	-	6,000	6,000	6,000	-	-	6,000	6,000	6,000	-	6,000	-
Proprietary:												
Enterprise	255,253	358,350	613,603	358,030	(320)	-	613,603	613,603	363,542	-	363,542	250,061
Total (Memorandum Only)	<u>\$ 430,795</u>	<u>\$ 706,660</u>	<u>\$ 1,137,455</u>	<u>\$ 753,960</u>	<u>\$ 47,300</u>	<u>\$ -</u>	<u>\$ 1,137,455</u>	<u>\$ 1,137,455</u>	<u>\$ 771,594</u>	<u>\$ -</u>	<u>\$ 771,594</u>	<u>\$ 365,861</u>

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

NOTE 1 - DESCRIPTION OF THE ENTITY

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

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

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

See Note 9 for a description of the Village’s related organization, Ashley Union Cemetery. The Village also jointly governs the Elm Valley Joint Fire District. The Fire District is governed by on trustee each from Oxford Township, Peru Township, Westfield Township, and the Village of Ashley.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. BASIS OF PRESENTATION - FUND ACCOUNTING

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

Governmental Fund Types

General Fund

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

Special Revenue Fund

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

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

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

The Village had the following significant special revenue funds:

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

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

Proprietary Fund Type

Enterprise Funds

These funds account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges.

The Village had the following significant enterprise funds:

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

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

B. BASIS OF ACCOUNTING

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

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

C. BUDGETARY PROCESS

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. The primary level of budgetary control is at the item level within a department and fund. Any budgetary modifications at this level may only be made by resolution of the Village's Council. The Village had several budget modifications throughout the years ended December 31, 2004 and 2003.

Tax Budget:

A budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year. All funds, except certain agency funds, are legally required to be budgeted. The expressed purpose of the tax budget is to reflect the need for existing (or increased) tax rates. Delaware County waived this requirement for 2004 and 2003.

Estimated Resources:

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

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

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

Appropriations:

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

Encumbrances:

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

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated. There were no outstanding encumbrances at December 31, 2004 and December 31, 2003.

D. CASH AND CASH EQUIVALENTS

For reporting purposes, the Village considers "Cash and Cash Equivalents" to be cash on hand, demand deposits, and all investments held by the Village with a maturity date less than or equal to three months from the date of purchase. Interest income earned and received by the Village totaled \$4,498 and \$2,904 for the years ended December 31, 2004 and 2003, respectively.

E. PROPERTY, PLANT AND EQUIPMENT

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

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

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

F. UNPAID VACATION AND SICK LEAVE

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

G. INTERGOVERNMENTAL REVENUES

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

H. TOTAL COLUMNS ON FINANCIAL STATEMENTS

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

NOTE 3 - CASH AND CASH EQUIVALENTS

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

	<u>2004</u>	<u>2003</u>
Deposits:		
Demand deposits	\$ 289,244	\$ 285,640
Certificate of deposit	<u>127,521</u>	<u>127,521</u>
Total Cash and Cash Equivalents	<u>\$ 416,765</u>	<u>\$ 413,161</u>

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

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

NOTE 4 - DEBT OBLIGATIONS

At December 31, 2004, debt obligations consisted of the following issuances:

<u>Description</u>	<u>Balance at 12/31/04</u>	<u>Balance at 12/31/03</u>
Ohio Water Development Authority (OWDA) for water system construction, due in semi-annual installments of \$25,183, through 2011, bearing interest at 7.77%	\$ 249,382	\$ 278,136
GMAC Commercial Mortgage Sewer Revenue bonds for sewer system construction, due in annual installments of varying amounts through 2016, bearing interest at 5%	308,000	327,000
Ohio Public Works Commission Loan - Wastewater Treatment Plant Upgrade, due in semi-annual installments of \$4,838, through 2020, bearing no interest	149,963	159,638
Public Works Commission Loan - Storm Sewer Improvement, due in semi-annual installments of \$1,500, through 2022, bearing no interest	<u>52,500</u>	<u>55,500</u>
Total debt obligations at December 31, 2004	<u>\$ 759,845</u>	<u>\$ 820,274</u>

	<u>Balance 01/01/04</u>	<u>Proceeds</u>	<u>Retirements</u>	<u>Balance at 12/31/04</u>
OWDA Loan	\$ 278,136	\$ -	\$ (28,754)	\$ 249,382
Sewer Revenue Bonds	327,000	-	(19,000)	308,000
OPWC Loan-Wastewater Treatment Plant	159,638	-	(9,675)	149,963
OPWC Loan - Storm Sewer	<u>55,500</u>	<u>-</u>	<u>(3,000)</u>	<u>52,500</u>
Total Debt Obligations	<u>\$ 820,274</u>	<u>-</u>	<u>\$ (60,429)</u>	<u>\$ 759,845</u>

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

NOTE 4 - DEBT OBLIGATIONS - (Continued)

	Balance 01/01/03	Proceeds	Retirements	Balance at 12/31/03
OWDA Loan	\$ 304,817	\$ -	\$ (26,681)	\$ 278,136
Sewer Revenue Bonds	345,000	-	(18,000)	327,000
OPWC Loan-Wastewater Treatment Plant	169,313	-	(9,675)	159,638
OPWC Loan - Storm Sewer	58,500	-	(3,000)	55,500
Total Debt Obligations	<u>\$ 877,630</u>	<u>\$ -</u>	<u>\$ (57,356)</u>	<u>\$ 820,274</u>

The principal and interest requirements to retire the debt obligations outstanding at December 31, 2004, is as follows:

Year Ending December 31,	OWDA		Sewer Revenue Bonds		OPWC Loan- Wastewater	OPWC Loan - Storm Sewer
	Principal	Interest	Principal	Interest	Principal	Principal
2005	\$ 14,915	\$ 10,268	\$ 19,000	\$ 15,400	\$ 4,838	\$ 3,000
2006	32,148	18,218	20,000	14,450	9,676	3,000
2007	34,644	15,722	21,000	13,450	9,676	3,000
2008	37,336	13,030	23,000	12,400	9,676	3,000
2009	40,238	10,128	24,000	11,250	9,676	3,000
2010 - 2014	90,101	10,631	137,000	37,200	48,380	15,000
2015 - 2019	-	-	64,000	4,850	48,380	15,000
2020 - 2022	-	-	-	-	9,661	7,500
Totals	<u>\$ 249,382</u>	<u>\$ 77,997</u>	<u>\$ 308,000</u>	<u>\$ 109,000</u>	<u>\$ 149,963</u>	<u>\$ 52,500</u>

During the years ended December 31, 2004 and 2003, OWDA granted the Village an interest credit enhancement in the amount of \$1,124 and \$1,124, respectively.

NOTE 5 - PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due on the following June 20.

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

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003**

NOTE 5 - PROPERTY TAX - (Continued)

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

NOTE 6 - RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Ohio Police and Fire Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2004 and 2003, members of OP&F contributed 10% of their wages to the OP&F. The Village contributed an amount equal to 19.5% of their wages. OPERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 2004 for 2003 and 2004.

NOTE 7 - RISK MANAGEMENT

The Village belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 500 Ohio governments ("Members").

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

The Plan issues its own policies and reinsures with A-VII or better rated carriers, except for a 5% portion retained by the Plan. After September 1, 2003, the Plan pays the lesser of 5% or \$25,000 for casualty losses and the lesser of 5% or \$50,000 for property losses. The individual members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003**

NOTE 7 - RISK MANAGEMENT - (Continued)

The Plan's financial statements conform with accounting principles generally accepted in the United States of America, and reported the following assets, liabilities and retained earnings at December 31, 2004, and 2003:

	<u>2004</u>	<u>2003</u>
Assets	\$ 6,685,522	\$ 5,402,167
Liabilities	<u>(2,227,808)</u>	<u>(1,871,123)</u>
Members' Equity	<u>4,457,714</u>	<u>3,531,044</u>

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

NOTE 8 - CONTINGENT LIABILITIES

The Village is not currently involved in litigation.

NOTE 9 - RELATED PARTY TRANSACTION/RELATED ORGANIZATION

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

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

JULIAN & GRUBE, INC.

“SERVING OHIO LOCAL GOVERNMENTS”

333 County Line Road West
Westerville, Ohio 43082

Telephone 614.846.1899
Facsimile 614.846.2799

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

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

We have audited the financial statements of the Village of Ashley as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated July 15, 2005, wherein we noted the Village of Ashley followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States’ *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Ashley’s internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted certain matters involving the internal control over financial reporting that we have reported to the management of the Village of Ashley in a separate letter dated July 15, 2005.

Members of Council and Mayor
Village of Ashley

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, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted a certain matter involving compliance and other matters that we have reported to the management of the Village of Ashley in a separate letter dated July 15, 2005.

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

Julian & Grube, Inc.

Julian & Grube, Inc.
July 15, 2005



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

**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
SEPTEMBER 22, 2005**