

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

*Financial Statements
(Audited)*

For The Years Ended
December 31, 2006 and 2005

TAMMI GRIFFITH, FISCAL OFFICER



Mary Taylor, CPA

Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Village of Ashley, Delaware County, prepared by Julian & Grube, Inc., for the audit period January 1, 2005 through December 31, 2006. 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 Auditor's Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

August 7, 2007

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**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report.....	1 - 2
Combined Statement of Cash Fund Balances - All Fund Types - December 31, 2006 and 2005	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Fund Balances - All Governmental Fund Types - For The Year Ended December 31, 2006	4
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Cash Fund Balances - Proprietary Fund Type For the Year Ended December 31, 2006.....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Encumbrances Compared with Expenditure Authority - Budget and Actual - For The Year Ended December 31, 2006	6
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Fund Balances - All Governmental Fund Types - For The Year Ended December 31, 2005	7
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Fund Balances - Proprietary Fund Type For The Year Ended December 31, 2005	8
Combined Statement of Cash Receipts, Cash Disbursements, and Encumbrances Compared with Expenditure Authority - Budget and Actual - For The Year Ended December 31, 2005	9
Notes to the Financial Statements.....	10 - 18
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	19 - 20

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Julian & Grube, Inc.
Serving Ohio Local Governments

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Independent Auditor's Report

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

We have audited the accompanying financial statements of the Village of Ashley, Delaware County, as of and for the years ended December 31, 2006 and 2005. These financial statements are the responsibility of the Village of Ashley's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2006 and 2005. Instead of the combined funds the accompanying financial statements present for December 31, 2006 and 2005, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for December 31, 2006 and 2005. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to reformat its statements. Since the Village does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

Independent Auditor's Report
Village of Ashley
Page Two

In our opinion, because of the effects of the matters discussed in the preceding two paragraphs, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village of Ashley as of December 31, 2006 and 2005, or its changes in financial position or cash flows of its enterprise funds, where applicable, thereof for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash fund balances of the Village of Ashley, Delaware County, Ohio, as of and for the years ended December 31, 2006 and 2005, 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 April 6, 2007, 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.
April 6, 2007

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

COMBINED STATEMENT OF CASH FUND BALANCES
ALL FUND TYPES
DECEMBER 31, 2006 AND 2005

<u>Cash and Cash Equivalents</u>	2006	2005
Cash and Cash Equivalents	\$ 378,590	\$ 357,958
Total Cash and Cash Equivalents	\$ 378,590	\$ 357,958
<u>Cash Fund Balances</u>		
<u>Governmental Fund Types:</u>		
General Fund	\$ 97,488	\$ 83,496
Special Revenue Funds	77,971	70,353
Total Governmental Fund Types	175,459	153,849
<u>Proprietary Fund Types:</u>		
Enterprise Funds	203,131	204,109
Total Proprietary Funds	203,131	204,109
Total Fund Balances	\$ 378,590	\$ 357,958

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, 2006

	Governmental Fund Types		Total (Memorandum Only)
	General	Special Revenue	
Cash receipts:			
Property and local taxes	\$ 84,530	\$ 126,712	\$ 211,242
Intergovernmental	95,717	80,652	176,369
Charges for services	67,655	6,000	73,655
Fines, licenses, and permits	5,476	-	5,476
Interest	8,298	2,052	10,350
Miscellaneous	7,582	2,304	9,886
Total cash receipts	<u>269,258</u>	<u>217,720</u>	<u>486,978</u>
Cash disbursements:			
Current:			
Security of persons and property	78,419	51,628	130,047
Public health services	-	12,157	12,157
Leisure time activities	2,660	25,540	28,200
Community environment	1,296	-	1,296
Basic utility services	62,857	1,109	63,966
Transportation	-	96,212	96,212
General government	82,674	28,488	111,162
Capital outlay	-	3,328	3,328
Debt service:			
Principal retirement	-	3,000	3,000
Total cash disbursements	<u>227,906</u>	<u>221,462</u>	<u>449,368</u>
Total cash receipts over/(under) cash disbursements	<u>41,352</u>	<u>(3,742)</u>	<u>37,610</u>
Other financing receipts/(disbursements):			
Operating transfers in	-	11,360	11,360
Operating transfers out	(27,360)	-	(27,360)
Total other financing receipts/(disbursements)	<u>(27,360)</u>	<u>11,360</u>	<u>(16,000)</u>
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	13,992	7,618	21,610
Cash fund balances, January 1, 2006	<u>83,496</u>	<u>70,353</u>	<u>153,849</u>
Cash fund balances, December 31, 2006	<u>\$ 97,488</u>	<u>\$ 77,971</u>	<u>\$ 175,459</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, 2006

	Proprietary Fund Type
	Enterprise
Operating cash receipts:	
Charges for services	\$ 317,633
Total operating cash receipts	317,633
Operating cash disbursements:	
Personal services	70,190
Employee fringe benefits	22,272
Contractual services	270,235
Supplies and material	27,227
Capital outlay	-
Miscellaneous	4,517
Total operating cash disbursements	394,441
Operating (loss)	(76,808)
Nonoperating cash receipts/(disbursements):	
Interest Income	5,258
Special assessments	126,241
Debt service:	
Principal	(45,750)
Interest	(25,919)
Total nonoperating cash receipts/(disbursements)	59,830
(Loss) before operating advances	(16,978)
Transfers in	16,000
(Loss)	(978)
Cash fund balances, January 1, 2006	204,109
Cash fund balances, December 31, 2006	\$ 203,131

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, 2006

Fund Types	Receipts					Disbursements						
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2006 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2006 Appropriations	Total	Actual 2006 Disbursements	Encumbrances Outstanding at 12/31/06	Total	Variance Favorable (Unfavorable)
Governmental:												
General	\$ 25,000	\$ 282,636	\$ 307,636	\$ 269,258	\$ (13,378)	\$ -	\$ 285,072	\$ 285,072	\$ 255,266	\$ -	\$ 255,266	\$ 29,806
Special Revenue	61,000	207,393	268,393	229,080	21,687	-	270,513	270,513	221,462	-	221,462	49,051
Proprietary:												
Enterprise	152,936	426,552	579,488	333,633	(92,919)	-	533,936	533,936	466,110	-	466,110	67,826
Total (Memorandum Only)	\$ 238,936	\$ 916,581	\$ 1,155,517	\$ 831,971	\$ (84,610)	\$ -	\$ 1,089,521	\$ 1,089,521	\$ 942,838	\$ -	\$ 942,838	\$ 146,683

**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, 2005**

	<u>Governmental Fund Types</u>		Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash receipts:			
Local taxes	\$ 75,202	\$ 103,689	\$ 178,891
Intergovernmental	104,526	73,710	178,236
Charges for services	90,619	-	90,619
Fines, licenses, and permits	8,924	-	8,924
Interest	4,379	1,430	5,809
Miscellaneous	26,201	-	26,201
Total cash receipts	<u>309,851</u>	<u>178,829</u>	<u>488,680</u>
Cash disbursements:			
Current:			
Security of persons and property	69,866	54,394	124,260
Public health services	-	11,443	11,443
Leisure time activities	22,572	-	22,572
Community environment	23,305	-	23,305
Basic utility services	57,113	-	57,113
Transportation	-	102,905	102,905
General government	126,698	23,370	150,068
Capital outlay	-	13,002	13,002
Debt service:			
Principal retirement	-	3,000	3,000
Total cash disbursements	<u>299,554</u>	<u>208,114</u>	<u>507,668</u>
Total cash receipts over/(under) cash disbursements	10,297	(29,285)	(18,988)
Cash fund balances, January 1, 2005	<u>73,199</u>	<u>99,638</u>	<u>172,837</u>
Cash fund balances, December 31, 2005	<u>\$ 83,496</u>	<u>\$ 70,353</u>	<u>\$ 153,849</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, 2005

	Proprietary Fund Type
	Enterprise
Operating cash receipts:	
Charges for services	\$ 344,912
Total operating cash receipts	344,912
Operating cash disbursements:	
Personal services	114,819
Contractual services	186,613
Supplies and material	40,025
Capital outlay	12,055
Miscellaneous	7,744
Total operating cash disbursements	361,256
Operating loss	(16,344)
Nonoperating cash receipts/(disbursements):	
Interest receipts	2,697
Other financing sources	66,348
Debt service:	
Principal	(59,663)
Interest	(32,857)
Total nonoperating cash receipts/(disbursements)	(23,475)
Net loss	(39,819)
Cash fund balances, January 1, 2005	243,928
Cash fund balances, December 31, 2005	\$ 204,109

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, 2005

Fund Types	Receipts							Disbursements				
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2005 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2005 Appropriations	Total	Actual 2005 Disbursements	Encumbrances Outstanding at 12/31/05	Total	Variance Favorable (Unfavorable)
Governmental:												
General	\$ 45,000	\$ 265,562	\$ 310,562	\$ 309,851	\$ 44,289	\$ -	\$ 312,375	\$ 312,375	\$ 299,554	\$ -	\$ 299,554	\$ 12,821
Special Revenue	69,000	219,960	288,960	178,830	(41,130)	-	290,600	290,600	208,114	-	208,114	82,486
Proprietary:												
Enterprise	189,900	421,281	611,181	413,956	(7,325)	-	491,440	491,440	453,776	-	453,776	37,664
Total												
(Memorandum Only)	\$ 303,900	\$ 906,803	\$ 1,210,703	\$ 902,637	\$ (4,166)	\$ -	\$ 1,094,415	\$ 1,094,415	\$ 961,444	\$ -	\$ 961,444	\$ 132,971

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

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

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 one 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 Funds

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

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

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.

State Highway Fund - This fund receives gasoline motor vehicle license tax money for constructing, maintaining, and repairing Village highways.

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

Proprietary Funds

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).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

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. 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, 2006 and 2005.

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 2006 and 2005.

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, 2006 AND 2005

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, 2006 and December 31, 2005.

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 \$15,608 and \$8,506 for the years ended December 31, 2006 and 2005, 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, 2006 AND 2005

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. INTERFUND TRANSACTIONS

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

I. TOTAL COLUMNS ON FINANCIAL STATEMENTS

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

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>2006</u>	<u>2005</u>
Deposits:		
Demand deposits	\$ 291,450	\$ 270,458
Certificate of deposit	<u>87,500</u>	<u>87,500</u>
Total Cash and Cash Equivalents	<u>\$ 378,950</u>	<u>\$ 357,958</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, 2006 AND 2005

NOTE 4 - DEBT OBLIGATIONS

At December 31, 2006 and 2005, debt obligations consisted of the following issuances:

<u>Description</u>	<u>Balance at 12/31/06</u>	<u>Balance at 12/31/05</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%.	\$ 202,321	\$ 218,395
GMAC Commercial Mortgage Sewer Revenue bonds for sewer system construction, due in annual installments of varying amounts through 2016, bearing interest at 5%.	269,000	289,000
Ohio Public Works Commission Loan - Wastewater Treatment Plant Upgrade, due in semi-annual installments of \$4,838, through 2020, bearing no interest.	130,611	140,287
Public Works Commission Loan - Storm Sewer Improvement, due in semi-annual installments of \$1,500, through 2022, bearing no interest.	<u>46,500</u>	<u>49,500</u>
Total debt obligations at December 31	<u>\$ 648,432</u>	<u>\$ 697,182</u>

	<u>Balance 01/01/06</u>	<u>Proceeds</u>	<u>Retirements</u>	<u>Balance at 12/31/06</u>
OWDA Loan	\$ 218,395	\$ -	\$ (16,074)	\$ 202,321
Sewer Revenue Bonds	289,000	-	(20,000)	269,000
OPWC Loan-Wastewater Treatment Plant	140,287	-	(9,676)	130,611
OPWC Loan - Storm Sewer	<u>49,500</u>	<u>-</u>	<u>(3,000)</u>	<u>46,500</u>
Total Debt Obligations	<u>\$ 697,182</u>	<u>\$ -</u>	<u>\$ (48,750)</u>	<u>\$ 648,432</u>

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

NOTE 4 - DEBT OBLIGATIONS - (Continued)

	Balance 01/01/05	Proceeds	Retirements	Balance at 12/31/05
OWDA Loan	\$ 249,382	\$ -	\$ (30,987)	\$ 218,395
Sewer Revenue Bonds	308,000	-	(19,000)	289,000
OPWC Loan-Wastewater Treatment Plant	149,963	-	(9,676)	140,287
OPWC Loan - Storm Sewer	52,500	-	(3,000)	49,500
Total Debt Obligations	<u>\$ 759,845</u>	<u>\$ -</u>	<u>\$ (62,663)</u>	<u>\$ 697,182</u>

The principal and interest requirements to retire the debt obligations outstanding at December 31, 2006, is as follows:

Year Ending December 31,	OWDA		Sewer Revenue Bonds		OPWC Loan- Wastewater	OPWC Loan - Storm Sewer
	Principal	Interest	Principal	Interest	Principal	Principal
2007	\$ 34,644	\$ 15,722	\$ 21,000	\$ 13,450	\$ 4,838	\$ 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	43,365	7,001	25,000	10,050	9,676	3,000
2011	46,738	3,628	26,000	8,800	9,676	3,000
2012 - 2016	-	-	150,000	23,200	48,380	15,000
2017 - 2021	-	-	-	-	38,689	15,000
2022	-	-	-	-	-	1,500
Totals	<u>\$ 202,321</u>	<u>\$ 49,509</u>	<u>\$ 269,000</u>	<u>\$ 79,150</u>	<u>\$ 130,611</u>	<u>\$ 46,500</u>

During the years ended December 31, 2006 and 2005, OWDA granted the Village an interest credit enhancement in the amount of \$1,805 and \$2,035, 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 January 21. If the property owner elects to make semiannual payments, the first half is due January 20. 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, 2006 AND 2005

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 SYSTEM

The Village's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost sharing, multiple-employer plan. This plan provides 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 2006 and 2005, members of OPERS participants contributed 9.0% and 8.5% of their wages, respectively. For 2006 and 2005, the Village contributed an amount equal to 13.70% and 13.55% of their wages to OPERS, respectively. The Village has paid all contributions required through December 31, 2006 and 2005.

NOTE 7 - RISK MANAGEMENT

Risk Pool Membership

The Village belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 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, 2006 AND 2005**

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 (the latest information available):

	<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.
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**Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With *Government Auditing Standards***

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

We have audited the financial statements of the Village of Ashley, Delaware County, Ohio, as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated April 6, 2007, wherein we noted the Village of Ashley followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States’.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Ashley’s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Ashley’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village of Ashley’s internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village of Ashley’s ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that a misstatement of the Village of Ashley’s financial statements that is more than inconsequential will not be prevented or detected by the Village of Ashley’s internal control.

Members of Council and Mayor
Village of Ashley

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Village of Ashley's internal control.

Our consideration of internal control over financial reporting was for limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Ashley's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the management of the Village of Ashley in a separate letter dated April 6, 2007.

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

A handwritten signature in cursive script that reads "Julian & Grube, Inc." with a stylized flourish at the end.

Julian & Grube, Inc.
April 6, 2007



Mary Taylor, CPA
Auditor of State

VILLAGE OF ASHLEY

DELAWARE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
AUGUST 21, 2007