



Dave Yost • Auditor of State

VILLAGE OF ALBANY
ATHENS COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Village of Albany
Athens County
P.O. Box 153
Albany, Ohio 45710

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Village of Albany, Athens County, Ohio (the Village), as of and for the years ended December 31, 2013 and 2012.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2013 and 2012, or changes in financial position thereof, for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Village of Albany, Athens County, as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 30, 2014, on our consideration of the Village'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's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

July 30, 2014

**VILLAGE OF ALBANY
ATHENS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Permanent	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$ 27,716	\$ 71,233	\$	\$ 98,949
Intergovernmental	24,513	72,880		97,393
Charges for Services	7,500			7,500
Fines, Licenses and Permits	16,221			16,221
Earnings on Investments	1,409	32	15	1,456
Miscellaneous	553	2,432		2,985
<i>Total Cash Receipts</i>	<u>77,912</u>	<u>146,577</u>	<u>15</u>	<u>224,504</u>
Cash Disbursements				
Current:				
Security of Persons and Property	11,928	40,256		52,184
Leisure Time Activities		836		836
Transportation		101,533		101,533
General Government	74,769		193	74,962
Capital Outlay		8,988		8,988
<i>Total Cash Disbursements</i>	<u>86,697</u>	<u>151,613</u>	<u>193</u>	<u>238,503</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(8,785)</u>	<u>(5,036)</u>	<u>(178)</u>	<u>(13,999)</u>
<i>Fund Cash Balances, January 1</i>	<u>104,113</u>	<u>106,813</u>	<u>1,193</u>	<u>212,119</u>
Fund Cash Balances, December 31				
Nonspendable			1,000	1,000
Restricted		101,190	15	101,205
Committed		587		587
Unassigned (Deficit)	95,328			95,328
<i>Fund Cash Balances, December 31</i>	<u>\$ 95,328</u>	<u>\$ 101,777</u>	<u>\$ 1,015</u>	<u>\$ 198,120</u>

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

**VILLAGE OF ALBANY
ATHENS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$ 770,675	\$	\$ 770,675
Fines, Licenses and Permits		22,641	22,641
<i>Total Operating Cash Receipts</i>	<u>770,675</u>	<u>22,641</u>	<u>793,316</u>
Operating Cash Disbursements			
Personal Services	97,506		97,506
Employee Fringe Benefits	18,267		18,267
Contractual Services	1,829,628		1,829,628
Supplies and Materials	30,761		30,761
Other	4,418	21,567	25,985
<i>Total Operating Cash Disbursements</i>	<u>1,980,580</u>	<u>21,567</u>	<u>2,002,147</u>
<i>Operating Income (Loss)</i>	<u>(1,209,905)</u>	<u>1,074</u>	<u>(1,208,831)</u>
Non-Operating Receipts (Disbursements)			
Intergovernmental	403,051		403,051
Special Assessments	5,381		5,381
Sale of Notes	1,637,354		1,637,354
Miscellaneous Receipts	4,143		4,143
Principal Retirement	(500,511)		(500,511)
Interest and Other Fiscal Charges	(186,584)		(186,584)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>1,362,834</u>	<u>0</u>	<u>1,362,834</u>
<i>Excess Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances</i>	<u>152,929</u>	<u>1,074</u>	<u>154,003</u>
Transfers In	15,000		15,000
Transfers Out	(15,000)		(15,000)
<i>Net Change in Fund Cash Balances</i>	152,929	1,074	154,003
<i>Fund Cash Balances, January 1</i>	<u>615,277</u>	<u>738</u>	<u>616,015</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 768,206</u>	<u>\$ 1,812</u>	<u>\$ 770,018</u>

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

**VILLAGE OF ALBANY
ATHENS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General	Special Revenue	Permanent	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$ 28,573	\$ 73,028	\$	\$ 101,601
Intergovernmental	12,261	65,715		77,976
Fines, Licenses and Permits	15,971			15,971
Earnings on Investments	1,173	45	15	1,233
Miscellaneous	7,380	1,102		8,482
<i>Total Cash Receipts</i>	<u>65,358</u>	<u>139,890</u>	<u>15</u>	<u>205,263</u>
Cash Disbursements				
Current:				
Security of Persons and Property	9,833	52,169		62,002
Leisure Time Activities		668		668
Basic Utility Services	5,027			5,027
Transportation		44,620		44,620
General Government	82,886			82,886
<i>Total Cash Disbursements</i>	<u>97,746</u>	<u>97,457</u>	<u>0</u>	<u>195,203</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(32,388)</u>	<u>42,433</u>	<u>15</u>	<u>10,060</u>
Other Financing Receipts (Disbursements)				
Transfers In		12,502		12,502
Transfers Out	(12,502)			(12,502)
Advances In	5,000	5,000		10,000
Advances Out	(5,000)	(5,000)		(10,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(12,502)</u>	<u>12,502</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	<u>(44,890)</u>	<u>54,935</u>	<u>15</u>	<u>10,060</u>
<i>Fund Cash Balances, January 1</i>	<u>149,003</u>	<u>51,877</u>	<u>1,178</u>	<u>202,058</u>
Fund Cash Balances, December 31				
Nonspendable			1,000	1,000
Restricted		105,936	193	106,129
Assigned	62,057	877		62,934
Unassigned (Deficit)	42,056			42,056
<i>Fund Cash Balances, December 31</i>	<u>\$ 104,113</u>	<u>\$ 106,813</u>	<u>\$ 1,193</u>	<u>\$ 212,119</u>

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

**VILLAGE OF ALBANY
ATHENS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$ 709,114	\$	\$ 709,114
Fines, Licenses and Permits		19,311	\$19,311
<i>Total Operating Cash Receipts</i>	<u>709,114</u>	<u>19,311</u>	<u>728,425</u>
Operating Cash Disbursements			
Personal Services	98,082		98,082
Employee Fringe Benefits	18,475		18,475
Contractual Services	1,098,221		1,098,221
Supplies and Materials	41,071		41,071
Other	2,637	19,239	21,876
<i>Total Operating Cash Disbursements</i>	<u>1,258,486</u>	<u>19,239</u>	<u>1,277,725</u>
<i>Operating Income (Loss)</i>	<u>(549,372)</u>	<u>72</u>	<u>(549,300)</u>
Non-Operating Receipts (Disbursements)			
Property and Other Local Taxes			
Intergovernmental	771,792		771,792
Special Assessments	4,099		4,099
Sale of Notes	476,174		476,174
Miscellaneous Receipts	10,753		10,753
Capital Outlay	(8,241)		(8,241)
Principal Retirement	(430,676)		(430,676)
Interest and Other Fiscal Charges	(171,286)		(171,286)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>652,615</u>	<u>0</u>	<u>652,615</u>
<i>Excess Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances</i>	<u>103,243</u>	<u>72</u>	<u>103,315</u>
Transfers In	13,750		13,750
Transfers Out	(13,750)		(13,750)
<i>Net Change in Fund Cash Balances</i>	103,243	72	103,315
<i>Fund Cash Balances, January 1</i>	<u>512,034</u>	<u>666</u>	<u>512,700</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 615,277</u></u>	<u><u>\$ 738</u></u>	<u><u>\$ 616,015</u></u>

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

**VILLAGE OF ALBANY
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Albany, Athens County, Ohio (the Village), as a body corporate and politic. A publicly elected six-member Council directs the Village. The Village provides governmental services including maintenance of streets, police protection, fire protection, recreational services, and water and sewer utility services.

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

B. Accounting Basis

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

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposits and Investments

The Village invests all available funds in an interest-bearing checking account, certificate of deposit and savings bond. The certificate of deposit and savings bond are valued at cost.

D. Fund Accounting

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

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

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

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

Street Levy Fund - This fund receives property tax monies from a specific tax levy for constructing, maintaining, and repairing Village streets.

**VILLAGE OF ALBANY
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

3. 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 Operating Fund - This fund receives charges for services from residents to cover water service costs and to repay loan proceeds from the Ohio Public Works Commission.

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

Sewer Debt Fund - This fund receives charges for services from residents to repay loan proceeds from the Ohio Public Works Commission, Ohio Water Development Authority, and United States Department of Agriculture.

4. Permanent Funds

These funds account for assets held under a trust agreement that are legally restricted to the extent that only earnings, not principal, are available to support the Village's programs. The Village had the following significant Permanent Fund:

Library Fund - This Nonexpendable Trust Fund was established to provide books and furnishings for the public library located within the Village.

5. Fiduciary 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 had the following significant Fiduciary Fund:

Mayor's Court Fund - This fund accounts for the activity of the Village Mayor's Court.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund or function level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year-end.

VILLAGE OF ALBANY
ATHENS COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)

1. Summary of Significant Accounting Policies (Continued)

E. Budgetary Process (Continued)

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are canceled, and re-appropriated in the subsequent year.

A summary of 2013 and 2012 budgetary activity appears in Note 3.

F. Fund Balance

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

1. Nonspendable

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

2. Restricted

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

3. Committed

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

4. Assigned

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

**VILLAGE OF ALBANY
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

F. Fund Balance (Continued)

5. Unassigned

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

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

G. Property, Plant, and Equipment

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

H. Accumulated Leave

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

2. Equity in Pooled Deposits and Investments

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

	<u>2013</u>	<u>2012</u>
Demand deposits	\$769,203	\$629,199
Certificates of deposit	197,935	197,935
U.S. Treasury Bonds	1,000	1,000
Total Deposits	<u>\$968,138</u>	<u>\$828,134</u>

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

**VILLAGE OF ALBANY
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2013 and 2012 follows:

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$54,341	\$77,912	\$23,570
Special Revenue	136,321	146,577	10,256
Permanent	15	15	0
Enterprise	2,714,095	2,835,604	121,509
Total	\$2,904,772	\$3,060,108	\$155,336

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$116,399	\$86,697	\$29,702
Special Revenue	209,588	151,613	57,975
Permanent	193	193	0
Enterprise	2,837,553	2,682,675	154,878
Total	\$3,163,733	\$2,921,178	\$242,555

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$44,135	\$65,358	\$22,342
Special Revenue	134,576	152,392	17,816
Permanent	15	15	0
Enterprise	1,946,196	1,985,682	39,486
Total	\$2,124,922	\$2,203,447	\$79,644

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$129,317	\$110,248	\$19,069
Special Revenue	170,754	97,457	73,297
Permanent	0	0	0
Enterprise	1,976,291	1,882,439	93,852
Total	\$2,276,363	\$2,090,144	\$186,218

**VILLAGE OF ALBANY
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

4. Property Tax

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

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.

5. Debt

Debt outstanding at December 31, 2013, was as follows:

	Principal	Interest Rate
Ohio Public Works Commission: Sewer System	\$186,898	2%
U.S. Department of Agriculture: Series 2005A 92-08	2,935,300	4.25%
U.S. Department of Agriculture: Series 2005B 92-04	515,300	4.25%
U.S. Department of Agriculture: Series 2005C 92-06	370,600	4.25%
Ohio Public Works Commission: Water Meters	292,836	0%
Ohio Water Development Authority Waterline	1,346,832	2%
Total	\$5,647,766	

The Ohio Public Works Commission Loan Sewer System was for the sanitary sewer system project. The loan was approved in the amount of \$300,000. On May 16, 2004, this loan was finalized with a twenty-year term and an interest rate of 2.00%. On December 19, 2005, the three Sewer System loans through the U.S. Department of Agriculture were issued to pay off an outstanding Sanitary Sewage loan at a rate of 4.25%. The Ohio Public Works Commission Water Meter loan was for the installation of water meters and tertiary filters at the sewer plant. The loan was approved in the amount of \$363,675. On February 13, 2009, the loan was finalized with a 30-year term and an interest rate of 0.00%.

In addition, on December 18, 2011 the Village was approved for a loan with the Ohio Water Development Authority for the design and installation of water lines. On May 31, 2012, this loan was approved for \$1,775,345.17 with a 30-year term and an interest rate of 2.00%.

Amortization of the above debt, including interest but excluding the OWDA loan because the total amount has not been drawn down, is scheduled as follows.

**VILLAGE OF ALBANY
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

5. Debt (Continued)

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

Year ending December 31:	OPWC Sewer System	2005A 92-08	2005B 92-04	2005C 92-06	OPWC Water Meters
2014	\$9,137	\$169,450	\$29,800	\$21,351	\$5,525
2015	18,273	169,451	29,765	21,413	11,050
2016	18,273	169,470	29,716	21,362	11,050
2017	18,273	169,505	29,755	21,403	11,050
2018	18,273	169,450	29,777	21,431	11,050
2019-2023	91,367	847,500	148,810	107,126	55,252
2024-2028	36,547	847,427	148,733	106,954	55,252
2029-2033		847,506	148,731	106,981	55,252
2034-2038		848,942	148,769	106,899	55,252
2039-2043		847,252	148,831	107,054	22,101
2044-2048		337,532	59,379	42,780	
Total	<u>\$210,143</u>	<u>\$5,423,484</u>	<u>\$952,064</u>	<u>\$684,752</u>	<u>\$292,836</u>

6. Retirement Systems

The Village's employees 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 includes postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2013 and 2012, 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, 2013.

7. Risk Pool Membership

The Village belongs to the Ohio Plan Healthcare Consortium, Inc. (OPHC) - formerly known as the Ohio Healthcare Consortium, (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.

As authorized by Section 9.833 of the Ohio Revised Code, the OPHC was established to provide cost effective employee benefit programs for Ohio political sub-divisions and is a self-funded, group purchasing consortium that offers medical, dental, vision and prescription drug coverage as well as life insurance for its members. The OPHC is sold through seventeen appointed independent agents in the State of Ohio. Coverage programs are developed specific to each member's healthcare needs and the related premiums for coverage are determined through the application of uniform underwriting criteria. Variable plan options are available to members. These plans vary primarily by deductibles, coinsurance levels, office visit co-pays and out-of pocket maximums. OPHC had 92 and 74 members as of December 31, 2012 and 2011 respectively.

**VILLAGE OF ALBANY
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

7. Risk Management (Continued)

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 conforms with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31: 2012 and 2011 (the latest information available).

	<u>2012</u>	<u>2011</u>
Assets	\$1,152,610	\$1,459,791
Liabilities	(1,615,537)	(1,283,527)
Members' Equity	<u>\$(462,927)</u>	<u>\$176,264</u>

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

10. Contingent Liabilities

The Village is not currently a defendant in any lawsuit.

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

11. Subsequent Events

In June 2014, the Village received back rent for the Sprint Cell Tower for \$35,777 and renewed the lease with Sprint. The Village had not been paid for the tower since 2010.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Village of Albany
Athens County
P.O. Box 153
Albany, Ohio 45710

To the Village Council:

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 Village of Albany, Athens County, Ohio (the Village), as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, and have issued our report thereon dated July 30, 2014, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or 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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

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

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

July 30, 2014

**VILLAGE OF ALBANY
ATHENS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2013 AND 2012**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2011-01	Finding for Recovery against Tim Crow, former fiscal officer, for monies collected but unaccounted for in the amount of \$500 in favor of the General Fund for \$190, the Water Fund for \$91 and the Sewer Fund for \$219.	Yes	N/A
2011-002	Finding for recovery for public monies illegally expended against Tim Crow, former fiscal officer, for \$1,050 in favor of the Village of Albany General Fund for \$350, the Water Operating Fund for \$350 and the Sewer Operating Fund for \$350.	Yes	N/A
2011-03	Finding For Recovery Repaid under Audit for public money illegally expended against Robe Law Offices for \$10,685, and in favor of the General Fund for \$3,562 and in favor of the Sewer Operating Fund for \$7,123.	Yes	N/A
2011-04	Noncompliance with Ohio Rev. Code § 117.38 for not filing the 2010 annual report until March 28, 2011 with the Auditor of State.	Yes	N/A
2011-05	Noncompliance and Material Weakness with Ohio Rev. Code § 149.351(A) for damage or destruction of public records.	Yes	N/A
2011-06	Noncompliance with Ohio Rev. Code § 5705.38 for failure to adopt a permanent appropriation measure for 2011.	Yes	N/A
2011-07	Noncompliance: Ohio Rev. Code § 5705.41(B) for expenditures exceeding appropriations.	Yes	N/A
2011-08	Noncompliance: Ohio Rev. Code § 5705.41(D)(1) for failure to encumber obligations.	No	Partially corrected. Reissued in a separate letter to management.
2011-09	Material Weakness for lack of segregation of duties and monitoring relating to the utilities.	Yes	N/A

**VILLAGE OF ALBANY
ATHENS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2013 AND 2012
(Continued)**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2011-10	Material Weakness for materially misstated financial statement requiring significant audit adjustments.	Yes	N/A
2011-11	Material Weakness for failure to reconcile resulting in material audit adjustments.	Yes	N/A
2011-12	Significant Deficiency for lack of monitoring by the Council.	Yes	N/A



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VILLAGE OF ALBANY

ATHENS 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 14, 2014**