

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

Financial Statements
(Audited)

For The Years Ended
December 31, 2010 and 2009



Dave Yost • Auditor of State

Members of Council
Village of Ashley
PO Box 361
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, 2009 through December 31, 2010. 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.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

November 3, 2011

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**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

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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, Ohio, as of and for the years ended December 31, 2010 and 2009. 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 the Comptroller General of the United States' *Government Auditing Standards*. 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 described more fully 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.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village of Ashley's larger (i.e. major) funds separately. While the Village of Ashley does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require the Village of Ashley to reformat their statements. The Village of Ashley has elected not to follow GAAP statement formatting requirements. 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 matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2010 and 2009, 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, Delaware County, Ohio, as of December 31, 2010 and 2009, or its changes in financial position or cash flows of its proprietary fund type for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Ashley, Delaware County, as of December 31, 2010 and 2009, and its combined cash receipts and disbursements and combined budgeted and actual receipts and budgeted and actual disbursements and encumbrances for the years then ended on the accounting basis Note 2 describes.

The Village of Ashley has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 30, 2011, 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.
August 30, 2011

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

COMBINED STATEMENT OF CASH FUND BALANCES
ALL FUND TYPES
DECEMBER 31, 2010 AND 2009

<u>Cash and Cash Equivalents</u>	<u>2010</u>	<u>2009</u>
Cash and Cash Equivalents	\$ 189,124	\$ 264,457
Total Cash and Cash Equivalents	<u>\$ 189,124</u>	<u>\$ 264,457</u>
 <u>Cash Fund Balances</u>		
<u>Governmental Fund Types:</u>		
General Fund	\$ 64,511	\$ 25,623
Special Revenue Funds	83,899	45,063
Capital Projects Fund	<u>-</u>	<u>100,129</u>
Total Governmental Fund Types	<u>148,410</u>	<u>170,815</u>
 <u>Proprietary Fund Type:</u>		
Enterprise Funds	<u>40,714</u>	<u>93,642</u>
Total Fund Balances	<u>\$ 189,124</u>	<u>\$ 264,457</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 - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash receipts:				
Property and local taxes	\$ 96,777	\$ 150,320	\$ -	\$ 247,097
Intergovernmental	65,455	73,635	-	139,090
Charges for services	73,609	3,130	-	76,739
Fines, licenses, and permits	11,260	-	-	11,260
Interest	1,009	-	-	1,009
Miscellaneous	2,847	1,787	-	4,634
Total cash receipts	<u>250,957</u>	<u>228,872</u>	<u>-</u>	<u>479,829</u>
Cash disbursements:				
Current:				
Security of persons and property	92,001	61,163	-	153,164
Public health services	-	10,651	-	10,651
Leisure time activities	4,082	5,686	-	9,768
Basic utility services	71,610	-	-	71,610
Transportation	-	108,498	-	108,498
General government	138,008	3,588	-	141,596
Capital outlay	-	-	2,447	2,447
Debt service:				
Principal retirement	-	4,500	-	4,500
Total cash disbursements	<u>305,701</u>	<u>194,086</u>	<u>2,447</u>	<u>502,234</u>
Total cash receipts over/(under) cash disbursements	<u>(54,744)</u>	<u>34,786</u>	<u>(2,447)</u>	<u>(22,405)</u>
Other financing receipts/(disbursements):				
Operating transfers in	97,682	4,050	-	101,732
Operating transfers out	(4,050)	-	(97,682)	(101,732)
Advances in	21,804	21,804	-	43,608
Advances out	(21,804)	(21,804)	-	(43,608)
Total other financing receipts/(disbursements)	<u>93,632</u>	<u>4,050</u>	<u>(97,682)</u>	<u>-</u>
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	38,888	38,836	(100,129)	(22,405)
Cash fund balances, January 1, 2010	<u>25,623</u>	<u>45,063</u>	<u>100,129</u>	<u>170,815</u>
Cash fund balances, December 31, 2010	<u>\$ 64,511</u>	<u>\$ 83,899</u>	<u>\$ -</u>	<u>\$ 148,410</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, 2010

	Proprietary Fund Type
	Enterprise
Operating cash receipts:	
Charges for services	\$ 454,923
Total operating cash receipts	454,923
Operating cash disbursements:	
Personal services	62,387
Employee fringe benefits	14,343
Contractual services	265,387
Supplies and material	48,090
Miscellaneous	13,272
Total operating cash disbursements	403,479
Operating income/(loss)	51,444
Nonoperating cash receipts/(disbursements):	
Intergovernmental	134,900
Special Assessments	43,975
Capital outlay	(133,827)
Debt service:	
Principal	(132,244)
Interest	(17,176)
Total nonoperating cash receipts/(disbursements)	(104,372)
Income/(loss) before transfers	(52,928)
Transfers in	1,457
Transfers out	(1,457)
Net Income/(loss)	(52,928)
Cash fund balances, January 1, 2010	93,642
Cash fund balances, December 31, 2010	\$ 40,714

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, 2010

Fund Types	Receipts				Disbursements					Variance Favorable (Unfavorable)	
	County Certified Uncumbered Cash	Budget	Total Estimated Resources	Actual 2010 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2010 Appropriations	Total	Actual 2010 Disbursements		Encumbrances Outstanding at 12/31/10
Governmental:											
General	\$ 55,000	\$ 350,810	\$ 405,810	\$ 370,443	\$ 19,633	\$ 5,452	\$ 355,188	\$ 360,640	\$ 331,555	\$ -	\$ 29,085
Special Revenue	167,300	243,887	411,187	254,726	10,839	2,682	268,558	271,240	215,890	-	55,350
Capital Projects	-	-	-	-	-	-	665	665	100,129	-	(99,464)
Proprietary:											
Enterprise	251,901	527,515	779,416	635,255	107,740	12,324	626,690	639,014	688,183	-	(49,169)
Total	\$ 474,201	\$ 1,122,212	\$ 1,596,413	\$ 1,260,424	\$ 138,212	\$ 20,458	\$ 1,251,101	\$ 1,271,559	\$ 1,335,757	\$ -	\$ (64,198)

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, 2009

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash receipts:				
Local taxes	\$ 84,000	\$ 138,355	\$ -	\$ 222,355
Intergovernmental	96,888	73,407	-	170,295
Charges for services	75,864	822	-	76,686
Fines, licenses, and permits	10,502	-	-	10,502
Interest	2,394	-	-	2,394
Miscellaneous	33,757	-	-	33,757
Total cash receipts	303,405	212,584	-	515,989
Cash disbursements:				
Current:				
Security of persons and property	40,726	100,822	-	141,548
Public health services	-	10,374	-	10,374
Leisure time activities	20,000	14,363	-	34,363
Basic utility services	77,635	-	-	77,635
Transportation	-	155,822	-	155,822
General government	105,873	1,403	-	107,276
Capital outlay	-	1,787	-	1,787
Debt service:				
Principal retirement	-	3,000	-	3,000
Total cash disbursements	244,234	287,571	-	531,805
Total cash receipts over/(under) cash disbursements	59,171	(74,987)	-	(15,816)
Other financing receipts/(disbursements):				
Advances in	-	9,540	-	9,540
Advances out	(9,540)	-	-	(9,540)
Other uses	(1,148)	(1,354)	-	(2,502)
Total other financing receipts/(disbursements)	(10,688)	8,186	-	(2,502)
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	48,483	(66,801)	-	(18,318)
Cash fund balances, January 1, 2009	(22,860)	111,864	100,129	189,133
Cash fund balances, December 31, 2009	\$ 25,623	\$ 45,063	\$ 100,129	\$ 170,815

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, 2009

	Proprietary Fund Type
	Enterprise
Operating cash receipts:	
Charges for services	\$ 436,384
Total operating cash receipts	436,384
Operating cash disbursements:	
Personal services	65,215
Employee fringe benefits	31,771
Contractual services	244,236
Supplies and material	19,235
Miscellaneous	23,628
Total operating cash disbursements	384,085
Operating income/(loss)	52,299
Nonoperating cash receipts/(disbursements):	
Intergovernmental	117,611
Special assessments	38,147
Proceeds of notes	201,830
Capital outlay	(311,791)
Debt service:	
Principal	(105,225)
Interest	(22,296)
Total nonoperating cash receipts/(disbursements)	(81,724)
Income/(loss) before transfers	(29,425)
Transfers in	88,503
Transfers out	(88,503)
Net income/(loss)	(29,425)
Cash fund balances, January 1, 2009	123,067
Cash fund balances, December 31, 2009	\$ 93,642

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, 2009

Fund Types	Receipts				Disbursements						Variance Favorable (Unfavorable)	
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2009 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2009 Appropriations	Total	Actual 2009 Disbursements	Encumbrances Outstanding at 12/31/09		Total
Governmental:												
General	\$ 50,000	\$ 321,997	\$ 371,997	\$ 303,405	\$ (18,592)	\$ 4,611	\$ 270,695	\$ 275,306	\$ 254,922	\$ 5,452	\$ 260,374	\$ 14,932
Special Revenue	96,500	260,442	356,942	222,124	(38,318)	1,996	319,724	321,720	288,925	2,682	291,607	30,113
Proprietary:												
Enterprise	124,901	949,797	1,074,698	882,475	(67,322)	1,870	764,155	766,025	911,900	12,324	924,224	(158,199)
Total												
(Memorandum Only)	\$ 271,401	\$ 1,532,236	\$ 1,805,637	\$ 1,408,004	\$ (124,232)	\$ 8,477	\$ 1,354,574	\$ 1,363,051	\$ 1,455,747	\$ 20,458	\$ 1,476,205	\$ (113,154)

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, 2010 AND 2009

NOTE 1 - DESCRIPTION OF THE ENTITY

The Village of Ashley, Delaware County, Ohio (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 12 for a description of the Village's related organizations.

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, 2010 AND 2009

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

The Village had the following significant special revenue funds:

Street Construction, Maintenance & Repair Fund (2010 and 2009) - This fund receives gasoline tax and motor vehicle license tax money for constructing, maintaining and repairing Village streets.

Police Levy Fund (2010 and 2009) - This fund receives levied monies and is being used to provide police protection for the Village.

Capital Projects Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except these financed through Enterprise Trust Funds).

The Village had the following capital project fund:

Municipal Building Improvement Fund (2010) - In a prior year, this fund received a transfer from the general fund from excess insurance settlement monies from a municipal building fire to purchase land and construct a new Village municipal building.

Proprietary Fund Types

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 (2010 and 2009) - This fund receives charges for services from residents to cover the cost of providing this utility.

Water Tower Refurbish Fund (2010) - This fund receives intergovernmental revenue from the Ohio Public Works Commission to refurbish the Village water tower.

Sewer Fund (2010 and 2009) - This fund receives charges for services from residents to cover the cost of providing this utility.

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

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

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.

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 object 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, 2010 and 2009.

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 2010 and 2009.

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

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

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.

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, 2010. There were outstanding encumbrances at December 31, 2009.

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

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

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 \$1,009 and \$2,394 for the years ended December 31, 2010 and 2009, 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 disbursements 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.

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. Advances are temporary loans to other funds which will ultimately be repaid.

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.

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 3 - COMPLIANCE

- i.* The Village did not timely approve permanent appropriations contrary to Ohio Revised Code Section 5705.38 for the year ended December 31, 2010.
- ii.* The Village did not certify the proper unencumbered fund balances in their certificate of available resources with the County Auditor contrary to Ohio Revised Code Section 5705.36 for the years ended December 31, 2010 and 2009.
- iii.* The Village did not request enough amended certificates throughout the year upon notice of increased or decreased resources contrary to Ohio Revised Code Section 5705.36 for the years ended December 31, 2010 and 2009.
- iv.* The Village had appropriations exceeding actual resources contrary to Ohio Revised Code Section 5705.36(A)(4) for the years ended December 31, 2010 and 2009.
- v.* The Village had appropriations in excess of estimated resources contrary to Ohio Revised Code Section 5705.39 for the years ended December 31, 2010 and 2009.
- vi.* The Village did not properly approve its appropriations throughout the year contrary to Ohio Revised Code Section 5705.40 for the years ended December 31, 2010 and 2009.
- vii.* The Village had disbursements in excess of appropriations contrary to Ohio Revised Code Section 5705.41(B) for the years ended December 31, 2010 and 2009.
- viii.* The Village did not certify disbursements in a timely manner contrary to Ohio Revised Code Section 5705.41(D) for the years ended December 31, 2010 and 2009.
- iv.* The Village maintained negative cash balances contrary to Ohio Revised Code Section 5705.10 for the years ended December 31, 2010 and December 31, 2009.

NOTE 4 - 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:

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 4 - CASH AND CASH EQUIVALENTS - (Continued)

	<u>2010</u>	<u>2009</u>
Deposits:		
Demand deposits	\$ 189,124	\$ 176,957
Certificate of deposit	<u>-</u>	<u>87,500</u>
Total Cash and Cash Equivalents	<u>\$ 189,124</u>	<u>\$ 264,457</u>

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

NOTE 5 - INTERFUND TRANSACTIONS

The Village had the following interfund transfers for 2010 and 2009:

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>2010</u>		
General Fund	<u>\$ 97,682</u>	<u>\$ 4,050</u>
<u>Special Revenue Funds:</u>		
Police Levy	4,000	-
Parks and Recreation	<u>50</u>	<u>-</u>
Total Special Revenue Funds	<u>4,050</u>	<u>-</u>
<u>Capital Projects Fund:</u>		
Municipal Building Improvement	<u>-</u>	<u>97,682</u>
Total Capital Projects Fund	<u>-</u>	<u>97,682</u>
<u>Enterprise Funds:</u>		
Water Operating	-	1,457
Water Debt	<u>1,457</u>	<u>-</u>
Total Enterprise Funds	<u>1,457</u>	<u>1,457</u>
Total	<u>\$ 103,189</u>	<u>\$ 103,189</u>
 <u>2009</u>		
<u>Enterprise Funds:</u>		
Water Operating	\$ -	\$ 48,472
Water Debt	48,472	-
Sewer Operating	-	4,031
Sewer Debt	40,031	-
Sewer Debt Service Reserve	<u>-</u>	<u>36,000</u>
Total Enterprise Funds	<u>88,503</u>	<u>88,503</u>
Total	<u>\$ 88,503</u>	<u>\$ 88,503</u>

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

Transfers from the General Fund were used to subsidize other funds' activities. The 2010 transfer from the Municipal Building Improvement Fund to the General Fund was authorized by the Delaware County Court of Common Pleas. The 2010 and 2009 Enterprise Fund transfers were to meet debt service requirements and repayment.

The above transfers were made in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

The Village had the following interfund advances for the years ended December 31, 2010 and 2009:

2010

<u>Fund Type/Fund</u>	<u>Advances In</u>	<u>Advances Out</u>
General Fund	\$ 21,804	\$ 21,804
<u>Special Revenue Funds</u>		
Police Levy	16,251	16,251
Parks and Recreation	5,553	5,553
Total Special Revenue Funds	<u>21,804</u>	<u>21,804</u>
Total	<u>\$ 43,608</u>	<u>\$ 43,608</u>

2009

<u>Fund Type/Fund</u>		
General Fund	\$ -	\$ 9,540
<u>Special Revenue Funds</u>		
Parks and Recreation	1,101	-
Police Levy	8,439	-
Total Special Revenue Funds	<u>9,540</u>	<u>-</u>
Total	<u>\$ 9,540</u>	<u>\$ 9,540</u>

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 6 - DEBT OBLIGATIONS

At December 31, 2010 and 2009, debt obligations consisted of the following issuances:

<u>Description</u>	<u>Balance 12/31/10</u>	<u>Balance 12/31/09</u>
Ohio Water Development Authority (OWDA) for water system construction, due in semi-annual installments of \$25,183, through 2011, bearing interest at 6.00%.	\$ 46,737	\$ 90,101
Mortgage Sewer Revenue bonds for sewer system construction, due in annual installments of varying amounts through 2016, bearing interest at 5%.	176,000	201,000
Ohio Public Works Commission Loan - Wastewater Treatment Plant Upgrade, due in semi-annual installments of \$4,838, through 2020, bearing no interest. (CQ32A)	91,907	106,421
Ohio Public Works Commission Loan - Storm Sewer Improvement, due in semi-annual installments of \$1,500, through 2022, bearing no interest. (CQ27D)	34,500	39,000
Delaware County Water Authority Loan for the purchase of a Meter Station located in Ashley, due in monthly installments of \$2,133, through 2011, bearing interest at 4%.	4,245	31,153
Ohio Public Works Commission Loan - Sewer Collection System, due in semi-annual installments of \$7,486, through 2039, bearing no interest.	<u>419,237</u>	<u>441,695</u>
Total debt obligations at December 31	<u>\$ 772,626</u>	<u>\$ 909,370</u>

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 6 - DEBT OBLIGATIONS - (Continued)

	Balance 01/01/10	Proceeds	Retirements	Balance 12/31/10
OWDA Loan - Water System	\$ 90,101	\$ -	\$ (43,364)	\$ 46,737
Sewer Revenue Bonds	201,000	-	(25,000)	176,000
OPWC Loan-Wastewater Treatment Plant	106,421	-	(14,514)	91,907
OPWC Loan - Storm Sewer	39,000	-	(4,500)	34,500
Delco Meter Station	31,153	-	(26,908)	4,245
(CQ2011) OPWC Loan - Sewer Collection System Improvement	441,695	-	(22,458)	419,237
Total Debt Obligations	<u>\$ 909,370</u>	<u>\$ -</u>	<u>\$ (136,744)</u>	<u>\$ 772,626</u>

	Balance 01/01/09	Proceeds	Retirements	Balance 12/31/09
OWDA Loan - Water System	\$ 130,339	\$ -	\$ (40,238)	\$ 90,101
Sewer Revenue Bonds	225,000	-	(24,000)	201,000
OPWC Loan-Wastewater Treatment Plant	116,097	-	(9,676)	106,421
OPWC Loan - Storm Sewer	42,000	-	(3,000)	39,000
Delco Meter Station	54,978	-	(23,825)	31,153
(CQ2011) OPWC Loan - Sewer Collection System Improvement	247,351	201,830	(7,486)	441,695
Total Debt Obligations	<u>\$ 815,765</u>	<u>\$ 201,830</u>	<u>\$ (108,225)</u>	<u>\$ 909,370</u>

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

NOTE 6 - DEBT OBLIGATIONS - (Continued)

The principal and interest requirements to retire the debt obligations outstanding at December 31, 2010, are as follows:

Year Ending December 31,	OWDA Loan		Sewer Revenue Bonds		OPWC Loan Water
	Principal	Interest	Principal	Interest	Principal
2011	\$ 46,737	\$ 3,628	\$ 26,000	\$ 8,800	\$ 4,838
2012	-	-	27,000	7,500	9,676
2013	-	-	29,000	6,150	9,676
2014	-	-	30,000	4,700	9,676
2015	-	-	31,000	3,200	9,676
2016 - 2020	-	-	33,000	1,650	48,365
Totals	\$ 46,737	\$ 3,628	\$ 176,000	\$ 32,000	\$ 91,907

Year Ending December 31,	OPWC Loan	OPWC Loan	Sewer Collection		Delco Loan		Total	
	Storm Sewer Principal	System Principal	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 1,500	\$ 7,486	\$ 4,245	\$ 21	\$ 90,806	\$ 12,449		
2012	3,000	14,972	-	-	54,648	7,500		
2013	3,000	14,972	-	-	56,648	6,150		
2014	3,000	14,972	-	-	57,648	4,700		
2015	3,000	14,972	-	-	58,648	3,200		
2016 - 2020	15,000	74,860	-	-	171,225	1,650		
2021 - 2025	6,000	74,860	-	-	80,860	-		
2026 - 2030	-	74,860	-	-	74,860	-		
2031 - 2035	-	74,860	-	-	74,860	-		
2036 - 2039	-	52,423	-	-	52,423	-		
Totals	\$ 34,500	\$ 419,237	\$ 4,245	\$ 21	\$ 772,626	\$ 35,649		

The Village's initial loan with OWDA was at 7.77%. Effective January 1, 2004, OWDA wrote down the loan to 6.0%. Credit enhancements for the years ended December 31, 2010 and December 31, 2009 were \$694 and \$1,004, respectively. The amortization schedule above reflects the Village's future liability at the reduced 6.0% interest rate.

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 7 - DEBT COVENANT

The Village's mortgage revenue bond debt covenant requires the Village to (1) maintain a Sanitary Sewer System Mortgage Revenue Bond and Interest Sinking Fund. These funds are to be established for, and pledged to, the payment of principal and interest on the bonds, a sum equal to the amount of interest due on the next ensuing interest payment date with respect to all bonds outstanding plus the amount necessary to provide for payment of the next ensuing principal maturity of all bonds outstanding, and (2) establish a reserve fund whereby the sum of \$290 each month must be deposited until there is accumulated in such fund the sum of \$34,800, the minimum reserve.

For the years ended December 31, 2010 and 2009 the Village maintained a separate "Reserve Fund" and a "Sinking Fund" in compliance with the mortgage revenue bond debt covenants. The Village enterprise debt service fund receives a portion of the sewer receipts and/or applicable transfers from the sewer operating fund that is specified by Village ordinance to be allocated to the "Sinking Fund" for the annual principal and interest due to be paid. For the years ended December 31, 2010 and 2009, the Village "Reserve Fund" had \$4,901.

NOTE 8 - 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.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property was eliminated in calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the Village due to the phasing out of the tax. In calendar years 2006-2010, the Village was fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

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

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 9 - RETIREMENT SYSTEMS

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

The Ohio Revised Code also prescribes contribution rates. For 2010 and 2009, OP&F participants contributed 10% of their wages. For 2010 and 2009, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2010 and 2009, 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, 2010.

NOTE 10 - RISK MANAGEMENT

Risk Pool Membership

Prior to 2009, the Government belonged to the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan was legally separate from its member governments.

On January 1, 2009, through an internal reorganization, the Plan created three separate non-profit corporations including:

- Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Risk Management Plan;
- Ohio Plan Healthcare Consortium, Inc. (OPHC) - formerly known as the Ohio Healthcare Consortium; and
- Ohio Plan, Inc. - mirrors the oversight function previously performed by the Board of Directors. The Board of Trustees consists of eleven (11) members that include appointed and elected officials from member organizations.

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 10 - RISK MANAGEMENT - (Continued)

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio. These coverage programs, referred to as Ohio Plan Risk management (“OPRM”), are developed specific to each member’s risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member’s exposure to loss, except OPRM retains 40% (17.5% through October 31, 2010 and 15% through October 31, 2009) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 761 and 725 members as of December 31, 2010 and 2009 respectively. The Village participates in this coverage.

The Plan formed the Ohio Plan Healthcare Consortium (“OPHC”), 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 65 and 60 members as of December 31, 2010 and 2009 respectively. The Village does not participate in this coverage.

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

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

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2010 and 2009 and include amounts for both OPRM and OPHC:

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

NOTE 10 - RISK MANAGEMENT - (Continued)

	2010		2009	
	OPRM	OPHC	OPRM	OPHC
Assets	\$12,036,541	\$1,355,131	\$11,176,186	\$1,358,802
Liabilities	(4,845,056)	(1,055,096)	(4,852,485)	(1,253,617)
Members' Equity	\$7,191,485	\$300,035	\$6,323,701	\$105,185

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

NOTE 11 - CONTINGENT LIABILITIES

The Village is not currently involved in litigation.

NOTE 12 - RELATED ORGANIZATIONS

- A. 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.
- B. 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.
- C. 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 13 - OTHER FINANCING SOURCES

Other financing sources consist primarily of insurance settlements from the Village municipal building fire for the year ended December 31, 2009.

NOTE 14 - SUBSEQUENT EVENT

The current fiscal officer began in April 2011.



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**Independent Accountants' 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
101 East High Street
Ashley, Ohio 43003

We have audited the financial statements of the Village of Ashley, Delaware County, Ohio, as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated August 30, 2011, wherein we noted the Village of Ashley followed accounting practices the Auditor of State prescribes or permits 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 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 have not opined on the effectiveness of the Village of Ashley's internal control over financial reporting.

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

Members of Council and Mayor
Village of Ashley

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 deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Village of Ashley's financial statements will not be prevented, or detected and timely corrected. We consider findings 2010-VOA-001 through 2010-VOA-003 described in the accompanying schedule of findings and responses to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Village of Ashley's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, 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 ten instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings and responses as items 2010-VOA-003 through 2010-VOA-012.

The Village of Ashley's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the Village of Ashley's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of the management and the Council 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.
August 30, 2011

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2010 AND 2009**

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2010-VOA-001

Material Weakness - Cash Reconciliation

The Village did not properly and timely perform bank reconciliations for the years ended December 31, 2010 and 2009.

While the Village did maintain bank reconciliations for 2010 and 2009, however, there were immaterial unidentified variances on a monthly basis.

Without comprehensive reconciliations, the Village might incorrectly post transactions and/or misrepresent actual cash balances to the Village Council for use with their budgeting decisions.

We recommend that the Village reconcile total monthly receipts and disbursements against the bank's balance noting any discrepancies. The reconciliation and all supporting documentation should then be presented to the Village Council for their approval. A member of Village Council should review the bank reconciliation for any unusual items and document their approval by initialing the reconciliation. This may significantly improve the system of checks and balances to enhance cash controls.

Client Response: The Fiscal Officer is aware of the importance of posting Village activity in a timely manner and will make an effort to maintain accurate Village records including proper bank reconciliations.

Finding Number	2010-VOA-002
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Material Weakness – Financial Statement Presentation

The Village had receipts and disbursements that were posted incorrectly according to the Village Handbook and the Ohio Revised Code.

The following adjustments were necessary to properly state the Village's financial statements for the years ended December 31, 2010 and 2009:

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2010 AND 2009**

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2010-VOA-002- (Continued)

General Fund:

- For the year ended December 31, 2009, increase intergovernmental receipts and decrease tax receipts in the amount of \$21,353 to properly record property tax receipts. A similar adjustment was necessary to increase intergovernmental receipts and decrease miscellaneous receipts in the amount of \$15,870.
- For the year ended December 31, 2009, decrease miscellaneous receipts and general government disbursements in the amount of \$12,338 to properly record OPWC payments on behalf in the sewer fund instead of the general fund.

Special Revenue Fund Type:

Street Construction Maintenance and Repair

- For the year ended December 31, 2010, decrease intergovernmental receipts and cash in the amount of \$10,364 to properly record permissive license and gas tax receipts. A similar adjustment was necessary for the year ended December 31, 2009 in the amount of \$10,435.
- For the year ended December 31, 2010, decrease transportation disbursements and increase debt service: principal retirement in the amount of \$3,000 to reflect debt payments in its fund. For the year ended December 31, 2009 transfers out were decreased and principal retirement increased to reflect debt payments in its proper fund in the amount of \$3,000.
- For the year ended December 31, 2010, increase debt service: principal retirement and decrease cash in the amount of \$1,500 to record storm sewer debt in street construction maintenance and repair fund instead of the water debt fund.
- For the year ended December 31, 2009, increase intergovernmental receipts and decrease tax receipts in the amount of \$2,063.

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2010 AND 2009**

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)
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Finding Number	2010-VOA-002 - (Continued)
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State Highway

- For the year ended December 31, 2010, increase intergovernmental receipts and cash in the amount of \$10,364 to properly record permissive license and gas tax receipts. A similar adjustment was necessary for the year ended December 31, 2009 in the amount of \$10,435.

Cemetery

- For the year ended December 31, 2009, increase intergovernmental receipts and decrease tax receipts in the amount of \$300.
- For the year ended December 31, 2009, decrease property tax receipts and cash in the amount of \$4,787, to properly record tax levy receipts in the proper fund.

Parks and Recreation

- For the year ended December 31, 2009, increase intergovernmental receipts and decrease tax receipts in the amount of \$310.
- For the year ended December 31, 2009, increase intergovernmental receipts and cash in the amount of \$4,787 to properly record tax levy receipts in the proper fund.

Police Levy

- For the year ended December 31, 2009, increase intergovernmental receipts and decrease tax receipts in the amount of \$1,616.

Special Assessment Municipal Building

- For the year ended December 31, 2009, decrease capital outlay disbursements in the amount of \$665, decrease miscellaneous receipts in the amount of \$1,787 and decrease operating transfers in the amount of \$97,682 and decrease cash in the amount of \$100,134 to reclassify the special revenue fund as a capital project fund as the receipts and disbursements are related to the excess insurance settlement proceeds and will be used to build a new municipal building.

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2010 AND 2009**

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2010-VOA-002 - (Continued)

Capital Project Fund Type:
Municipal Building Improvement Fund

- For the year ended December 31, 2009, increase capital outlay disbursements in the amount of \$665, increase miscellaneous receipts in the amount of \$1,787 and increase operating transfers in the amount of \$97,682 and increase cash in the amount of \$100,134 to reclassify the special revenue fund as a capital project fund as the receipts and disbursements are related to the excess insurance settlement proceeds and will be used to build a new municipal building.

Debt Service Fund Type:
Storm Sewer Debt Fund

- For the year ended December 31, 2009, decrease transfer in and decrease debt service: principal retirement in the amount of \$3,000 to reflect debt payments in its proper fund (street construction maintenance and repair) versus transferring to a debt service fund.

Enterprise Fund Types:
Water Tower Refurbish Fund

- For the year ended December 31, 2010, increase capital outlay disbursements and increase intergovernmental receipts in the amount of \$107,740 to properly record OPWC on behalf payments.

Water Operating

- For the year ended December 31, 2010, increase debt service: principal retirement in the amount of \$21,682 and interest disbursements in the amount of \$3,154, and decrease cash in the amount of \$24,836 to record debt payment to OWDA.
- For the year ended December 31, 2010, increase contractual services disbursements and decrease principal disbursements in the amount of \$5,682 to reclass payments for services.

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2010 AND 2009**

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2010-VOA-002 - (Continued)

- For the year ended December 31, 2010, increase debt service: principal retirement disbursements and decrease contractual services disbursements in the amount of \$14,931 to properly record debt payments.
- For the year ended December 31, 2009, decrease cash and increase debt service: principal retirement in the amount of \$2,133 to properly record water debt payments out of water fund instead of sewer fund.
- For the year ended December 31, 2010, increase contractual services disbursements and decrease personal service disbursements in the amount of \$46,664.

Water Debt

- For the year ended December 31, 2010, increase cash and decrease debt service: principal retirement disbursements in the amount of \$1,500 to properly record storm sewer debt payments in the street construction maintenance and repair fund instead of water debt fund.

Sewer Operating

- For the year ended December 31, 2009, increase proceeds of notes in the amount of \$201,830 and increase capital outlay disbursements in the amount of \$201,830 to record on behalf payments by OPWC related to loans.
- For the year ended December 31, 2009, increase debt service: principal retirement disbursements and decrease contractual services in the amount of \$7,486 to properly record payments for debt.
- For the year ended December 31, 2009, increase sewer cash and decrease contractual services in the amount of \$2,133 to properly record water debt payments out of water fund instead of sewer fund.

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2010 AND 2009**

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2010-VOA-002 - (Continued)

Sewer Main

- For the year ended December 31, 2010, decrease miscellaneous disbursements and increase debt service: principal retirement disbursements in the amount of \$18,000 to reclassify debt payments.
- For the year ended December 31, 2009, decrease miscellaneous disbursements and increase capital outlay in the amount of \$102,761 to reclassify capital outlay disbursements.

The audited financial statements and Village records have been adjusted for the misstatements above.

In general, an accounting and information system should be designed to provide management with accurate and timely information to enable well-informed business decisions to be made. The present system lacks fiscal oversight and approvals and fails to meet the above exceptions.

We recommend the Village consult with their auditors, an accounting/consulting firm, the Village Handbook and the Ohio Municipal League and consider obtaining an overall review of the financial statements and notes prior to submitting to the auditor as an additional internal control to help ensure accurate financial reporting.

Client Response: The Fiscal Officer continues to work to provide a sound fiscal environment for the Village.

Finding Number	2010-VOA-003
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Noncompliance/Material Weakness

The Village did not timely approve permanent appropriations for the year ended December 31, 2010 contrary to Ohio Revised Code Section 5705.38.

The Village Council members did not approve permanent appropriations until March 2, 2010 although expenditures were made prior to that date. In addition, there was no evidence of temporary appropriations approved.

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2010 AND 2009**

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2010-VOA-003 - (Continued)

Lack of approved appropriations hinders the Village’s ability to disburse monies in compliance with the Ohio Revised Code and to properly use the budgetary process as a useful management tool.

We recommend the Village Council members ensure permanent appropriations are approved and evidenced in the Village’s minutes in a timely manner and at the legal level of control. This will assist the Village’s management in monitoring its disbursements.

Client Response: In the future Council will be provided in a timely manner with permanent appropriations for proper approval and evidence such in the minutes.

Finding Number	2010-VOA-004
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Ohio Revised Code Sections 5705.36, in part, requires the Fiscal Officer to certify to the County Auditor the total amount from all sources which are available for expenditures from each fund in the tax budget along with any unencumbered balances that existed at the end of the preceding year.

The Village did not file the proper unencumbered balances in their certificate of available resources with the County Auditor at January 1, 2010 or January 1, 2009.

By not certifying accurate unencumbered balances, the Village does not have proper estimated resources in which to appropriate against within certain funds, which could cause appropriations to exceed estimated resources.

We recommend that the Village properly certify all fund balances after careful review of any prior year reclassifications made. This will enable the County Auditor to perform the proper certification with accurate information. This will in turn allow the Village to properly appropriate funds within the available resources.

Client Response: The Fiscal Officer will review fund balances in the future to ensure that amounts certified to the County Auditor are accurate.

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2010 AND 2009**

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2010-VOA-005

Ohio Revised Code Sections 5705.36, in part, requires the Fiscal Officer to certify to the County Auditor the total amount from all sources which are available for expenditures from each fund in the tax budget along with any unencumbered balances that existed at the end of the preceding year.

During the fiscal years ended December 31, 2010 and 2009, the Village did not request enough amended certificates throughout the year upon notice of increased or decreased resources.

The Village is not properly certifying its most current estimated resources to the appropriate authorities and thus causing appropriations to exceed estimated resources.

We recommend that the Village certify its available sources at year end and file amended certificates as necessary throughout the year. This will facilitate the Village's appropriation process.

Client Response: The Village will attempt to monitor its estimated revenues more closely and will request amended certificates as needed.

Finding Number	2010-VOA-006
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Ohio Revised Code Section 5705.36 (A)(4) states that upon a determination by the Fiscal Officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the Fiscal Officer shall certify the amount of the deficiency to the commission, and the commission shall certify an amended certificate reflecting the deficiency.

For the year ended December 31, 2010, the Village had appropriations greater than actual resources in the following funds:

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2010 AND 2009**

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2010-VOA-006 - (Continued)

	Actual			
<u>Fund Type/Fund</u>	<u>Resources</u>	<u>Expenditures</u>	<u>Excess</u>	
<u>Special Revenue:</u>				
Cemetery	\$ 11,524	\$ 11,900	\$ 376	
Parks and Recreation	16,283	16,775	492	
Police Levy	77,388	78,222	834	
 <u>Enterprise:</u>				
Water Operating	268,627	325,648	57,021	
Sewer Debt Service	9,038	10,383	1,345	
Water Debt Service	1,500	27,000	25,500	

For the year ended December 31, 2009, the Village had appropriations greater than actual resources in the following funds:

	Actual			
<u>Fund Type/Fund</u>	<u>Resources</u>	<u>Expenditures</u>	<u>Excess</u>	
<u>Special Revenue:</u>				
Cemetery	\$ 10,565	\$ 11,059	\$ 494	
Parks and Recreation	13,714	17,410	3,696	
Police Levy	93,610	106,505	12,895	
 <u>Enterprise:</u>				
Water Tower Refurbish	7,200	10,000	2,800	
Water Hydrant Project	200	45,000	44,800	
Water Main Assessment	17,846	28,647	10,801	
Sewer Main Assessment	126,973	129,166	2,193	
Sewer Debt Service	53,962	63,300	9,338	
Water Debt Service	49,556	50,365	809	

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

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2010 AND 2009**

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2010-VOA-006 - (Continued)

We recommend the Village monitor estimated resources in comparison with actual resources and appropriations, and if necessary, obtain a decreased amended certificate and amend their appropriations accordingly.

Client Response: The Village Council will attempt to approve and modify appropriations in a timely manner in accordance with the Ohio Revised Code.

Finding Number	2010-VOA-007
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Ohio Revised Code Section 5705.39 states that total appropriations from each fund shall not exceed total estimated resources.

For the year ended December 31, 2010, the Village had appropriations greater than estimated resources in the following funds:

<u>Fund Type/Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Excess</u>
<u>Capital Projects:</u>			
Municipal Building Improvement	\$ -	\$ 655	\$ 655
<u>Enterprise:</u>			
Water Operating	\$ 268,627	\$ 325,648	\$ 57,021
Water Debt Service	1,500	27,000	25,500
Sewer Debt Service	9,038	10,383	1,345

For the year ended December 31, 2009, the Village had appropriations greater than estimated resources in the following funds:

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2010 AND 2009**

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2010-VOA-007 - (Continued)

	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Excess</u>
<u>Fund Type/Fund</u>			
<u>Special Revenue:</u>			
Police Levy	\$ 103,476	\$ 106,505	\$ 3,029
 <u>Enterprise:</u>			
Water Main Assessment	24,019	28,647	4,628

With appropriations exceeding estimated resources, the Village is appropriating monies that are not in the treasury, in the process of collection, or have been certified with the County Auditor. Thus, over appropriating may lead to unnecessary expenditures and cause a deficit fund balance.

We recommend that the Fiscal Officer comply with the Ohio Revised Code and Auditor of State Bulletin 97-010 by monitoring appropriations so they do not exceed estimated resources. This may be achieved by monitoring the budget more closely on a continual basis and amending estimated resources or appropriations as necessary.

Client Response: The Fiscal Officer will attempt to update estimated revenues on a more timely basis.

Finding Number	2010-VOA-008
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Ohio Revised Code Section 5705.40 outlines the requirements for amending and supplementing appropriations. This section requires that any amendments to an appropriation measure must be made by Council resolution and comply with the same provisions of the law as used in making the original appropriations.

The Village did not properly approve its appropriations throughout the years ended December 31, 2010 and 2009.

By not timely and properly approving the Village's appropriations, the potential to overspend in certain funds exists.

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2010 AND 2009**

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2010-VOA-008 - (Continued)

We recommend that the Village comply with the Ohio Revised Code and monitor appropriations and certified resources to ensure proper budgeting and to prevent excess spending. In addition, the Village’s Council should begin to review the Village’s financial records at least quarterly and all reviewers should initial or sign the records in order to document this review.

Client Response: The Village will monitor its appropriations versus disbursements on a monthly basis.

Finding Number	2010-VOA-009
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Ohio Revised Code Section 5705.41(B) requires in part that no subdivision is to expend monies unless it has been appropriated.

For the year ended December 31, 2010, the following fund had disbursements which exceeded appropriations:

<u>Fund Type/Fund</u>	<u>Appropriations</u>	<u>Disbursements</u>	<u>Excess</u>
<u>Capital Projects:</u>			
Municipal Building Improvement	\$ 665	\$ 100,129	\$ 99,464
 <u>Enterprise:</u>			
Water Tower Refurbish	27,160	133,827	106,667

For the year ended December 31, 2009, the following funds had disbursements which exceeded appropriations:

<u>Fund Type/Fund</u>	<u>Appropriations</u>	<u>Disbursements</u>	<u>Excess</u>
<u>Special Revenue:</u>			
Water Operating	\$ 278,038	\$ 322,483	\$ 44,445
Sewer Operating	147,509	337,714	190,205
Sewer Debt Service Reserve	-	36,000	36,000

Disclosure is presented at the fund level due to the impracticality of disclosing object level amounts.

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2010 AND 2009**

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2010-VOA-009 - (Continued)

With disbursements exceeding appropriations, the Village is spending monies that have not lawfully been appropriated by Village Council. This may result in unnecessary spending.

We recommend that the Village comply with the Ohio Revised Code and the Auditor of State Bulletin 97-010 by monitoring their expenditures so they do not exceed lawful appropriations and amending the budget prior to year end. This may be achieved by monitoring the budget more closely on a continual basis.

Client Response: The Village Council will attempt to approve and modify appropriations in a timely manner in accordance with the Ohio Revised Code.

Finding Number	2010-VOA-010
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Ohio Revised Code Section 5705.41(D) requires that no orders or contracts involving the disbursement of monies are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

For the fiscal years ended December 31, 2010 and 2009, 43% and 9%, respectively, of the Village’s expenditures maintained an invoice which was dated prior to the Fiscal Officer’s certificate, thus causing those expenditures not to be certified in a timely manner.

Without timely certification and evidence of approved permanent or temporary appropriations of which such certifications are drawn on, the Village may expend more funds than available in the treasury, in the process of collection, or appropriated by the Village Council, which could potentially lead to negative fund balances. In addition, the Village may make unnecessary purchases.

We recommend that the Village Fiscal Officer timely certify its disbursements based on approved permanent appropriations, to ensure all monies expended are lawfully appropriated and available in the treasury or in the process of collection. The Village should issue approved purchase orders and consider using blanket and super blanket purchase orders and/or “Then and Now” certificates where applicable.

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2010 AND 2009**

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2010-VOA-010 - (Continued)

Client Response: The Village Council examines and approves all bills prior to payment. The Fiscal Officer will attempt to certify Clerk Certificates based on approved permanent appropriations.

Finding Number	2010-VOA-011
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Ohio Revised Code Section 5705.10, in part, requires that on a cash basis, no fund shall have a negative fund balance during the year or at the fiscal year end.

The Village maintained a negative cash balance as of December 31, 2010 in the following fund:

<u>Fund Type/Fund</u>		
<u>Enterprise:</u>		
Water	\$	(45,431)

The Village maintained a negative cash balance as of December 31, 2009 in the following funds:

<u>Fund Type/Fund</u>		
<u>Special Revenue:</u>		
Parks and Recreation	\$	(9,607)
Municipal Building		(1,787)
 <u>Enterprise:</u>		
Water		(1,112)

By expending funds prior to receipt of monies, the above funds maintained negative cash fund balances at year end.

We recommend that the Village properly expend monies only after funds have been received. If funds are anticipated but not yet received and expenditures are necessary, the Village should address these concerns immediately and prior to expenditure with the Village Council and consider short-term financing.

Client Response: The Village will monitor fund balances more closely in future fiscal years.

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2010 AND 2009**

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2010-VOA-012

The Village’s mortgage revenue bond debt covenant requires the Village to (1) maintain a Sanitary Sewer System Mortgage Revenue Bond and Interest Sinking Fund. These funds are to be established for, and pledged to, the payment of principal and interest on the Bonds, a sum equal to at least one-twelfth of the amount of interest due on the next ensuing interest payment date with respect to all bonds outstanding plus the amount necessary to provide for payment of the next ensuing principal maturity of all bonds outstanding, and (2) establish a reserve fund whereby the sum of \$290 each month must be deposited until there is accumulated in such fund the sum of \$34,800, the minimum reserve.

For the years ended December 31, 2010 and 2009, the Village maintained a separate “Reserve Fund” and a “Sinking Fund” in compliance with the mortgage revenue bond debt covenants. The Village debt service fund receives a portion of the sewer receipts that is specified by Village ordinance to be allocated to fund the annual principal and interest. Monies are also maintained in this fund for the monthly payments of \$290 required to be placed in the “Reserve Fund”. The years ended December 31, 2010 and 2009 were properly funded; however, the Village is required by covenant to have \$34,800 in the “Reserve Fund” at December 31, 2010. At December 31, 2010, the Village had \$4,901.

We recommend the Village comply with all debt covenants contained in the debt agreement.

Client Response: The Village needed the reserve money to fund 2009’s sewer debt service requirements. The new Fiscal Officer is attempting to transfer funds in accordance with the debt covenants, as funds become available.

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

**STATUS OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2010 AND 2009**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding <u>No Longer Valid</u>; <i>Explain</i>:
2008-VOA-001	<u>Significant Deficiency/Material Weakness - Financial Reporting:</u> The Village had audit adjustments necessary to properly record activity.	No	Repeated as finding 2010-VOA-002
2008-VOA-002	<u>Significant Deficiency/Material Weakness – Temporary Receipts:</u> The Village Fiscal Officer created temporary receipts in anticipation of future receipts in order to expend from certain funds which would not be possible without the temporary receipt.	Yes	N/A
2008-VOA-003	<u>Significant Deficiency/Material Weakness – Employee/Vendor Payments:</u> The Village lacks significant internal controls to ensure that employees and vendors are paid proper amounts in accordance with approved annual salaries and contracts.	Yes	N/A
2008-VOA-004	<u>Significant Deficiency/Material Weakness – Check Signing:</u> The Village Fiscal Officer failed to acquire two signatures before sending out checks.	Yes	N/A

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

**STATUS OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2010 AND 2009**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	<u>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:</u>
2008-VOA-005	Ohio Revised Code Section 5705.09 requires that each subdivision must establish a special fund for each class of revenues derived from a source other than the general property tax, which the law requires to be used for a particular purpose.	Yes	N/A
2008-VOA-006	Ohio Revised Code Section 5705.10 requires that on a cash basis, no fund shall have a negative fund balance during the year or at year end.	No	Repeated as finding 2010-VOA-011
2008-VOA-007	Ohio Revised Code Section 5705.36 requires subdivisions to certify to the County Auditor the amount available from all sources for expenditures from each fund in the tax budget along with any balances which existed at the end of the preceding year on or about the first day of each fiscal year.	No	Repeated as finding 2010-VOA-004
2008-VOA-008	Ohio Revised Code Section 5705.36 requires Fiscal Officers to request increased or decreased amended certificates when deemed necessary.	No	Repeated as finding 2010-VOA-005

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

**STATUS OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2010 AND 2009**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	<u>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:</u>
2008-VOA-009	Ohio Revised Code Section 5705.38 requires local governments to file an appropriation measure on or about the first of the year.	No	Repeated as finding 2010-VOA-003
2008-VOA-010	Ohio Revised Code Section 5705.39 requires that total appropriations from each fund should not exceed total estimated resources.	No	Repeated as finding 2010-VOA-007
2008-VOA-011	Ohio Revised Code Section 5705.40 requires that any appropriation measure may be amended and supplemented if the entity complies with the same laws used in making the original appropriation.	No	Repeated as finding 2010-VOA-008
2008-VOA-012	Ohio Revised Code Section 5705.41(B) requires that no subdivision is to expend monies unless it has been appropriated.	No	Repeated as finding 2010-VOA-009
2008-VOA-013	Ohio Revised Code Section 5705.41(D) requires that no orders or contracts involving the expenditure of monies are to be made unless there is a certificate of the Fiscal Officer that the amount required for the order or contract has been lawfully appropriated.	No	Repeated as finding 2010-VOA-010

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

**STATUS OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2010 AND 2009**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding <u>No Longer Valid; Explain:</u>
N/A	Finding for Recovery - Ken Griffith and Tamera Griffith former Fiscal Officer and contractor of the Village's wastewater treatment plant, respectively, for overpayment of salary and contract wages.	Yes	Finding for recovery is paid

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Dave Yost • 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
NOVEMBER 17, 2011