

**VILLAGE OF URBANCREST
FRANKLIN COUNTY, OHIO**

Financial Statements
(Audited)

For The Years Ended
December 31, 2015 and 2014

KATHY THIMMES, FISCAL OFFICER



Dave Yost • Auditor of State

Village Council
Village of Urbancrest
3492 First Avenue
Urbancrest, Ohio 43123

We have reviewed the *Independent Auditor's Report* of the Village of Urbancrest, Franklin County, prepared by Julian & Grube, Inc., for the audit period January 1, 2014 through December 31, 2015. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

July 18, 2016

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**VILLAGE OF URBANCREST
FRANKLIN COUNTY, OHIO**

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Julian & Grube, Inc.
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Independent Auditor's Report

Village of Urbancrest
Franklin County
3492 First Avenue
Urbancrest, Ohio 43123

To the Members of Council and Mayor:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type and related notes of the Village of Urbancrest, Franklin County, Ohio, as of and for the years ended December 31, 2015 and 2014.

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 statements misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village of Urbancrest's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village of Urbancrest'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 2 of the financial statements, the Village of Urbancrest prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presumed they are material.

Though the Village of Urbancrest does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village of Urbancrest as of December 31, 2015 and 2014, or changes in financial position or cash flows 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 the Village of Urbancrest, Franklin County, Ohio, as of December 31, 2015 and 2014, 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 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 2, 2016, on our consideration of the Village of Urbancrest's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village of Urbancrest's internal control over financial reporting and compliance.



Julian & Grube, Inc.
June 2, 2016

**VILLAGE OF URBANCREST
FRANKLIN COUNTY, OHIO**

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS) - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>Governmental Fund Types</u>		Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash receipts:			
Property and local taxes	\$ 23,794	\$ -	\$ 23,794
Municipal income tax	1,392,372	-	1,392,372
Intergovernmental	59,525	39,541	99,066
Fines, licenses, and permits	30,934	-	30,934
Earnings on investments	39,445	28	39,473
Miscellaneous	29,824	-	29,824
Total cash receipts	<u>1,575,894</u>	<u>39,569</u>	<u>1,615,463</u>
Cash disbursements:			
Current:			
Security of persons and property	41,858	-	41,858
Leisure time activities	110	-	110
Community environment	88,929	-	88,929
Transportation	166,013	46,349	212,362
General government	376,082	-	376,082
Capital outlay	310,880	-	310,880
Debt service:			
Principal retirement	369,500	-	369,500
Interest and fiscal charges	5,416	-	5,416
Total cash disbursements	<u>1,358,788</u>	<u>46,349</u>	<u>1,405,137</u>
Net change in fund cash balances	217,106	(6,780)	210,326
Fund cash balances, January 1, 2015	<u>3,508,645</u>	<u>221,589</u>	<u>3,730,234</u>
Fund cash balances, December 31, 2015			
Restricted	-	214,809	214,809
Assigned	1,121,512	-	1,121,512
Unassigned (deficit)	2,604,239	-	2,604,239
Fund cash balances, December 31, 2015	<u>\$ 3,725,751</u>	<u>\$ 214,809</u>	<u>\$ 3,940,560</u>

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

**VILLAGE OF URBANCREST
FRANKLIN COUNTY, OHIO**

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND
BALANCES (CASH BASIS) - PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015

	Proprietary Fund Type	Fiduciary Fund Type
	Enterprise	Agency
Operating cash receipts:		
Charges for services	\$ 20,885	\$ -
Fines, licenses and permits	480	-
Total operating cash receipts	21,365	-
Operating cash disbursements:		
Personal services	3,600	-
Fringe benefits	1,432	-
Contractual services	6,875	-
Other	425	-
Total operating cash disbursements	12,332	-
Income/(loss) before operating transfers	9,033	-
Non-operating receipts (disbursements)		
Principal retirements	(7,578)	-
Total non-operating receipts (disbursements)	(7,578)	-
Net income/(loss)	1,455	-
Fund cash balances, January 1, 2015	206,102	500
Fund cash balances, December 31, 2015	\$ 207,557	\$ 500

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

**VILLAGE OF URBANCREST
FRANKLIN COUNTY, OHIO**

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS) - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash receipts:					
Property and local taxes	\$ 10,060	\$ -	\$ -	\$ -	\$ 10,060
Municipal income tax	1,388,699	-	-	-	1,388,699
Intergovernmental	59,034	40,693	-	300,000	399,727
Fines, licenses, and permits	31,051	-	-	-	31,051
Earnings on investments	274	23	-	2	299
Miscellaneous	23,657	-	-	-	23,657
Total cash receipts	<u>1,512,775</u>	<u>40,716</u>	<u>-</u>	<u>300,002</u>	<u>1,853,493</u>
Cash disbursements:					
Current:					
Security of persons and property	42,571	-	-	-	42,571
Community environment	127,374	-	-	-	127,374
Transportation	129,677	37,175	-	-	166,852
General government	317,908	-	-	350,875	668,783
Debt service:					
Principal retirement	66,500	-	-	-	66,500
Interest and fiscal charges	11,915	-	-	-	11,915
Total cash disbursements	<u>695,945</u>	<u>37,175</u>	<u>-</u>	<u>350,875</u>	<u>1,083,995</u>
Excess of receipts over/(under) disbursements	<u>816,830</u>	<u>3,541</u>	<u>-</u>	<u>(50,873)</u>	<u>769,498</u>
Other financing receipts (disbursements):					
Transfers in	601,418	-	8,106	-	609,524
Transfers out	(8,106)	(45,089)	-	(556,329)	(609,524)
Total other financing receipts (disbursements)	<u>593,312</u>	<u>(45,089)</u>	<u>8,106</u>	<u>(556,329)</u>	<u>-</u>
Net change in fund cash balances	1,410,142	(41,548)	8,106	(607,202)	769,498
Fund cash balances, January 1, 2014	<u>2,098,503</u>	<u>263,137</u>	<u>(8,106)</u>	<u>607,202</u>	<u>2,960,736</u>
Fund cash balances, December 31, 2014					
Restricted	-	221,589	-	-	221,589
Assigned	1,321,513	-	-	-	1,321,513
Unassigned (deficit)	2,187,132	-	-	-	2,187,132
Fund cash balances, December 31, 2014	<u>\$ 3,508,645</u>	<u>\$ 221,589</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,730,234</u>

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

**VILLAGE OF URBANCREST
FRANKLIN COUNTY, OHIO**

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND
BALANCES (CASH BASIS) - PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014

	Proprietary Fund Type	Fiduciary Fund Type
	Enterprise	Agency
Operating cash receipts:		
Charges for services	\$ 45,851	\$ -
Fines, licenses and permits	765	-
Total operating cash receipts	46,616	-
Operating cash disbursements:		
Personal services	3,500	-
Fringe benefits	957	-
Contractual services	41,412	-
Other	2,440	-
Total operating cash disbursements	48,309	-
Income/(loss) before operating transfers	(1,693)	-
Net income/(loss)	(1,693)	-
Fund cash balances, January 1, 2014	207,795	500
Fund cash balances, December 31, 2014	\$ 206,102	\$ 500

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

**VILLAGE OF URBANCREST
FRANKLIN COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 1 - DESCRIPTION OF THE ENTITY

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Urbancrest, Franklin County, (the "Village"), as a body corporate and politic. A publicly-elected, six-member Council directs the Village. The Village provides street maintenance and water utilities operations and park operations. The Village contracts with the Franklin County Sheriff's department to provide security of persons and property. The Village appropriates General Fund money to support a volunteer fire department.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Basis

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The 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 financial reporting provision of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

B. Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gain or losses at the time of sale as receipts or disbursements, respectively.

The Village maintains all available cash in an interest-bearing checking account and certificates of deposit.

**VILLAGE OF URBANCREST
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

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

C. Fund Accounting

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

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported 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 Fund:

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

3. Debt Service Fund

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following Debt Service Fund:

Note Retirement Fund - This fund receives transfers-in from the general fund for the repayment of debt associated with the design and construction of a new Village Hall/Administration Building.

4. Capital Projects Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Projects Fund:

Street Project Fund - This fund receives loan proceeds and transfers-in from the general fund to be used for capital improvements.

**VILLAGE OF URBANCREST
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

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

5. Enterprise Funds

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

Water Fund - This fund receives charges for services from residents to cover water service cost.

Sewer Fund - This fund receives charges for services from residents to cover sewer service cost.

6. Fiduciary Funds

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

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund is used to hold refundable bonds for demolition projects. The Village's agency fund did not have any activity in 2015 or in 2014.

D. Budgetary Process

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

1. Appropriations

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

**VILLAGE OF URBANCREST
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

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

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2015 and 2014 budgetary activity appears in Note 4.

E. 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.

**VILLAGE OF URBANCREST
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

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

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.

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.

F. 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.

G. 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.

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.

**VILLAGE OF URBANCREST
FRANKLIN COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 3 - 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>2015</u>	<u>2014</u>
Demand Deposits	\$ 1,175,617	\$ 961,836
Certificates of Deposit	<u>2,973,000</u>	<u>2,975,000</u>
Total Deposits	<u>\$ 4,148,617</u>	<u>\$ 3,936,836</u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by the financial institution's public entity deposit pool.

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**VILLAGE OF URBANCREST
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 4 - BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2015 and 2014 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,495,413	\$ 1,575,894	\$ 80,481
Special Revenue	34,010	39,569	5,559
Enterprise	12,000	21,365	9,365
Total	<u>\$ 1,541,423</u>	<u>\$ 1,636,828</u>	<u>\$ 95,405</u>

2015 Budgeted vs. Actual Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 2,816,925	\$ 1,460,577	\$ 1,356,348
Special Revenue	210,500	46,646	163,854
Enterprise	140,425	21,748	118,677
Total	<u>\$ 3,167,850</u>	<u>\$ 1,528,971</u>	<u>\$ 1,638,879</u>

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,189,664	\$ 2,114,193	\$ 924,529
Special Revenue	33,000	40,716	7,716
Debt Service	8,281	8,106	(175)
Capital Projects	261,477	300,002	38,525
Enterprise	14,000	46,616	32,616
Total	<u>\$ 1,506,422</u>	<u>\$ 2,509,633</u>	<u>\$ 1,003,211</u>

2014 Budgeted vs. Actual Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 2,166,078	\$ 1,086,842	\$ 1,079,236
Special Revenue	216,089	83,398	132,691
Debt Service	176	-	176
Capital Projects	914,879	907,204	7,673
Enterprise	164,655	48,964	115,691
Total	<u>\$ 3,461,877</u>	<u>\$ 2,126,408</u>	<u>\$ 1,335,467</u>

**VILLAGE OF URBANCREST
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 5 - 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.

NOTE 6 - LOCAL INCOME TAX

The Village levies a municipal income tax of 2 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village's third party administrator, Regional Income Tax Authority, either monthly or quarterly, as required. The Regional Income Tax Authority remits collected taxes to the Village monthly. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

NOTE 7 - DEBT

At December 31, 2015 and December 31, 2014, debt obligations consisted of the following issuances:

<u>Description</u>	<u>Balance at 12/31/2015</u>	<u>Balance at 12/31/2014</u>
Series 2012 Administration Building Construction Bonds	\$ -	\$ 369,500
2012 OPWC Sanitary and Storm Sewer Improvements (CC02N)	<u>219,780</u>	<u>227,358</u>
Total	<u><u>\$ 219,780</u></u>	<u><u>\$ 596,858</u></u>

**VILLAGE OF URBANCREST
FRANKLIN COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 7 - DEBT - (Continued)

Transactions for the years ended December 31, 2015 and December 31, 2014 are summarized as follows:

<u>2015</u>	<u>Balance at 12/31/2014</u>	<u>Proceeds</u>	<u>Retirements</u>	<u>Balance at 12/31/2015</u>
Series 2012 Administration Building Construction Bonds	\$ 369,500	\$ -	\$ (369,500)	\$ -
2012 OPWC Sanitary and Storm Sewer Improvements (CC02N)	<u>227,358</u>	<u>-</u>	<u>(7,578)</u>	<u>219,780</u>
Total	<u>\$ 596,858</u>	<u>\$ -</u>	<u>\$ (377,078)</u>	<u>\$ 219,780</u>

<u>2014</u>	<u>Balance at 12/31/2013</u>	<u>Proceeds</u>	<u>Retirements</u>	<u>Balance at 12/31/2014</u>
Series 2012 Administration Building Construction Bonds	\$ 436,000	\$ -	\$ (66,500)	\$ 369,500
2012 OPWC Sanitary and Storm Sewer Improvements (CC02N)	<u>227,358</u>	<u>-</u>	<u>-</u>	<u>227,358</u>
Total	<u>\$ 663,358</u>	<u>\$ -</u>	<u>\$ (66,500)</u>	<u>\$ 596,858</u>

The following is a summary of the Village's future annual debt service requirements:

<u>Year Ending December 31,</u>	<u>OPWC Loan</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 7,579	\$ -	\$ 7,579
2017	7,579	-	7,579
2018	7,579	-	7,579
2019	7,579	-	7,579
2020	7,579	-	7,579
2021 - 2025	37,893	-	37,893
2026 - 2030	37,893	-	37,893
2031 - 2035	37,893	-	37,893
2036 - 2040	37,893	-	37,893
2041 - 2044	<u>30,313</u>	<u>-</u>	<u>30,313</u>
Total	<u>\$ 219,780</u>	<u>\$ -</u>	<u>\$ 219,780</u>

**VILLAGE OF URBANCREST
FRANKLIN COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 8 - RETIREMENT SYSTEMS

The Ohio Revised Code also prescribes contribution rates. For 2015 and 2014, OPERS members contributed 10%, respectively, of their gross salaries and the Village contributed an amount equaling 14%, respectively, of participants' gross salaries.

Certain Village elected officials belong to the Social Security Administration and pay FICA.

FICA contribution rates are approved by the United States Congress. Members of the FICA contributed 6.2% of their wages to FICA for 2015 and 2014. The Village also contributed an amount equal to 6.2% of their wages for 2015 and 2014.

NOTE 9 - RISK MANAGEMENT

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

The Village insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Insurance Services Group, Inc. (York) functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by York. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2015, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

**VILLAGE OF URBANCREST
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

NOTE 9 - RISK MANAGEMENT - (Continued)

Financial Position

PEP's financial statements (audited by other auditor's) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2014 and 2015:

	<u>2014</u>	<u>2015</u>
Assets	\$35,402,177	\$38,307,677
Liabilities	<u>(12,363,257)</u>	<u>(12,759,127)</u>
Net Position	<u>\$23,038,920</u>	<u>\$25,548,550</u>

At December 31, 2014 and 2015, respectively, the liabilities above include approximately 11.1 million and \$11.5 million of estimated incurred claims payable. The assets above also include approximately \$10.8 million and \$11.0 million of unpaid claims to be billed. The Pool's membership increased from 488 members in 2014 to 499 members in 2015. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2015, the Village's share of these unpaid claims collectible in future years is approximately \$12,650.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u>Contributions to PEP</u>	
<u>2014</u>	<u>2015</u>
\$19,167	\$19,101

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**VILLAGE OF URBANCREST
FRANKLIN COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

NOTE 10 - CONTINGENT LIABILITIES

Management believes there are no pending claims or lawsuits.

NOTE 11 - INTERFUND ACTIVITY

The Village had the following transfers for the year ended December 31, 2014:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 601,418	\$ 8,106
Debt Service Fund	8,106	-
Special Revenue Fund	-	45,089
Capital Projects Fund	-	556,329
Total	<u>\$ 609,524</u>	<u>\$ 609,524</u>

The Village Council approved transfer of funds from the general fund to the debt service fund in order to offset a negative fund balance. Transfer to the general fund from the special revenue and capital projects funds were made to return general obligation funds that were previously received as transfers from the general fund due to project/fund closure.

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

NOTE 12 - COMPLIANCE

The Village appropriations exceeded the estimated resources in the capital improvement fund for the year ended December 31, 2014 in noncompliance with Ohio Revised Code Sections 5705.39 and 5705.36.



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

Village of Urbancrest
Franklin County
3492 First Avenue
Urbancrest, Ohio 43123

To the Members of Council and Mayor:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Urbancrest, Franklin County, Ohio, as of and for the years ended December 31, 2015 and 2014 and the related notes to the financial statements and have issued our report thereon dated June 2, 2016, wherein we noted the Village of Urbancrest 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 of Urbancrest'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 of Urbancrest'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 a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village of Urbancrest'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 we considered material weaknesses. However, unidentified material weaknesses may exist.

Members of Council and Mayor
Village of Urbancrest

Compliance and Other Matters

As part of reasonably assuring whether the Village of Urbancrest'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 statements amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings and responses as items 2015-001 and 2015-002.

Village of Urbancrest's Response to Findings

The Village of Urbancrest'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 Urbancrest's responses and, accordingly, we express no opinion on them.

Purpose of this Report

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



Julian & Grube, Inc.
June 2, 2016

**VILLAGE OF URBANCREST
FRANKLIN COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2015 AND 2014**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2015-001

Ohio Revised Code Section 5705.39 in part requires that the total appropriation from each fund should not exceed estimated resources.

At December 31, 2014, the total appropriations exceeded the total estimated resources in the following funds:

<u>2014</u> <u>Fund Type/Fund</u>	<u>Appropriations</u>	<u>Estimated</u> <u>Resources</u>	<u>Excess</u>
<u>Capital Projects:</u>			
Capital Improvement Fund	\$ 914,879	\$ 868,680	\$ 46,199

With appropriations exceeding estimated resources, the Village is appropriating monies that are either not in the Treasury or in the process of collection that have been properly certified to the Budget Commission, which could cause a fund deficit to occur.

We recommend that the Village comply with the Ohio Revised Code monitoring appropriations so they do not exceed estimated revenue. This may be achieved by monitoring the budget more closely on a continued basis and amending estimated resources or appropriations as necessary.

Client Response: The Village Fiscal Officer will attempt to request amended certificates when deemed necessary.

Finding Number	2015-002
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Ohio Revised Code Section 5705.36 in part, requires subdivisions to request increased amended certificates of estimated resources if the legislative authority intends to appropriate and expend excess revenue.

Throughout the year ended December 31, 2014, the Village had appropriations exceeding estimated resources in the capital projects fund. Thus, the Village did not request enough amended certificates throughout the year or by fiscal year end upon notice of increased or decreased resources in order to equal or exceed appropriations.

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 review its available resources versus its appropriations throughout the year and file amended certificates when necessary. This will facilitate the Village's appropriation process.

**VILLAGE OF URBANCREST
FRANKLIN COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2015 AND 2014**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2015-002 - (Continued)

Client Response: The Village Fiscal Officer will attempt to request amended certificates when deemed necessary.

**VILLAGE OF URBANCREST
FRANKLIN COUNTY, OHIO**

**STATUS OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2015 AND 2014**

<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>
2013-VOU-001	<u>Material Weakness - Financial Statement Presentation</u> - Numerous adjustments were made to the financial statements for the years ended December 31, 2013 and 2012, to properly state receipts, disbursements and fund balances. Additionally, the loan balances outstanding as of December 31, 2011 were restated.	Yes	N/A
2013-VOU-002	<u>Material Weakness/Noncompliance</u> - Ohio Revised Code Section 5705.41(D) requires that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. The Village did not certify all disbursements and if there were purchase orders, they were not timely.	Yes	N/A
2013-VOU-003	Ohio Revised Code Section 5705.39 in part requires that the total appropriation from each fund should not exceed estimated resources. The Village had two funds where appropriations exceeded the total estimated resources.	No	Repeated as finding 2015-001
2013-VOU-004	Ohio Revised Code Section 5705.36 in part, requires subdivisions to request increased amended certificates of estimated resources if the legislative authority intends to appropriate and expend excess revenue. The Village did not request enough amended certificates throughout the year.	No	Repeated as finding 2015-002

**VILLAGE OF URBANCREST
FRANKLIN COUNTY, OHIO**

**STATUS OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2015 AND 2014**

<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>
2013-VOU-005	Ohio Revised Code Section 5705.36(A)(4) states that upon a determination by the Fiscal Officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the Fiscal Officer shall certify the amount of the deficiency to the commission and the commission shall certify an amended certificate reflecting the deficiency. The Village had appropriations that were greater than actual resources in two funds.	Yes	N/A
2013-VOU-006	Ohio Revised Code Sections 5705.10 in part requires that money paid into any fund shall be expended only after such fund receives monies to cover the expenditures. The Village had a negative fund balance in one fund.	Yes	N/A
2013-VOU-007	<u>Noncompliance/Material Weakness</u> - Ohio Administrative Code 117-2-02(C)(1) states that all public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted appropriation balances. The Village's appropriations that were approved in the minutes did not agree to the Uniform Accounting Network (UAN) system appropriations.	Yes	N/A

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Dave Yost • Auditor of State

VILLAGE OF URBANCREST

FRANKLIN 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
JULY 28, 2016