

**VILLAGE OF ASHLEY  
DELAWARE COUNTY, OHIO**

*Financial Statements  
(Audited)*

For the Years Ended  
December 31, 2016 and 2015

**RENEE RARICK, FISCAL OFFICER**





# Dave Yost • Auditor of State

Members of Council and Mayor  
Village of Ashley  
3 North Harrison Street  
Ashley, Ohio 43003

We have reviewed the *Independent Auditor's Report* of the Village of Ashley, Delaware County, prepared by Julian & Grube, Inc., for the audit period January 1, 2015 through December 31, 2016. 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 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

September 28, 2017

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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**

Village of Ashley  
Delaware County  
3 North Harrison Street  
Ashley, Ohio 43003

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 Ashley, Delaware County, Ohio, as of and for the years ended December 31, 2016 and 2015.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village of Ashley '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 Ashley '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 adverse and qualified opinions.

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

As described in Note 2 of the financial statements, the Village of Ashley 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 presume they are material.

Though the Village of Ashley 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 *Additional Opinion Qualification* 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 Ashley as of December 31, 2016 and 2015, or changes in financial position or cash flows thereof for the years then ended.

***Basis for Additional Opinion Qualification***

The Village has overstated its combined cash fund balance by \$10,352 as of January 1, 2015 and by \$10,312 and \$10,373 as of December 31, 2016 and 2015, respectively. We were unable to obtain sufficient appropriate audit evidence to support the amounts, and to which funds, to charge this disbursement related to the overstated cash fund balance.

***Additional Opinion Qualification***

In our opinion, except for the possible effects of the matter described in the *Basis for Additional Opinion Qualification* paragraph, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Ashley, Delaware County, Ohio as of December 31, 2016 and 2015, 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 8, 2017, 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. 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 Ashley's internal control over financial reporting and compliance.



Julian & Grube, Inc.  
June 8, 2017



**VILLAGE OF ASHLEY  
DELAWARE COUNTY, OHIO**

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
CHANGES IN FUND BALANCES (CASH BASIS) - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2016

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
Property and Other Taxes	\$ 94,469	\$ 119,398	\$ 213,867
Municipal Income Tax	83,559	-	83,559
Intergovernmental	36,695	78,843	115,538
Charges for Services	80,295	11,724	92,019
Fines, Licenses and Permits	5,792	238	6,030
Earnings on Investments	1,935	-	1,935
Miscellaneous	7,675	3,275	10,950
Total Cash Receipts	310,420	213,478	523,898
Cash Disbursements:			
Current:			
Security of Persons and Property	-	138,006	138,006
Public Health Services	-	11,144	11,144
Leisure Time Activities	-	31,976	31,976
Community Environment	2,510	-	2,510
Basic Utility Services	72,566	-	72,566
Transportation	-	93,637	93,637
General Government	163,500	29,764	193,264
Debt Service:			
Principal Retirement	3,800	9,397	13,197
Interest and Fiscal Charges	682	278	960
Total Cash Disbursements	243,058	314,202	557,260
<i>Excess of Receipts Over (Under) Disbursements</i>	<i>67,362</i>	<i>(100,724)</i>	<i>(33,362)</i>
Other Financing Receipts (Disbursements)			
Other Debt Proceeds	25,000	12,000	37,000
Transfers In	-	71,840	71,840
Transfers Out	(71,840)	-	(71,840)
Total Other Financing Receipts (Disbursements)	(46,840)	83,840	37,000
Net Change in Fund Cash Balances	20,522	(16,884)	3,638
Fund Cash Balances, January 1, 2016	41,690	107,528	149,218
Fund Cash Balances, December 31, 2016			
Restricted	-	90,644	90,644
Unassigned	62,212	-	62,212
Fund Cash Balances, December 31, 2016	\$ 62,212	\$ 90,644	\$ 152,856

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

**VILLAGE OF ASHLEY  
DELAWARE COUNTY, OHIO**

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND  
BALANCES (CASH BASIS) - ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Enterprise</u>	<u>Agency</u>
Operating Cash Receipts:		
Charges for Services	\$ 416,699	\$ -
Miscellaneous	480	-
Total Operating Cash Receipts	<u>417,179</u>	<u>-</u>
Operating Cash Disbursements:		
Personal Services	53,912	-
Fringe Benefits	25,795	-
Contractual Services	293,799	23,141
Supplies and Materials	13,111	-
Other	552	-
Total Operating Cash Disbursements	<u>387,169</u>	<u>23,141</u>
Operating Income (Loss)	<u>30,010</u>	<u>(23,141)</u>
Non-Operating Receipts (Disbursements):		
Property and Other Local Taxes	-	19,760
Intergovernmental	-	3,381
Special Assessments	49,195	-
Capital Outlay	(109,321)	-
Principal Retirement	(68,904)	-
Interest and Other Fiscal Charges	(1,756)	-
Proceeds of Loans	109,321	-
Total Non-Operating Receipts (Disbursements)	<u>(21,465)</u>	<u>23,141</u>
<i>Income (Loss) before Transfers</i>	8,545	-
Other Financing Receipts (Disbursements):		
Transfers In	79,101	-
Transfers Out	(79,101)	-
Total Other Financing Receipts (Disbursements)	<u>-</u>	<u>-</u>
Net Change in Fund Cash Balances	8,545	-
Fund Cash Balances, January 1, 2016	<u>204,808</u>	<u>1</u>
Fund Cash Balances, December 31, 2016	<u>\$ 213,353</u>	<u>\$ 1</u>

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

**VILLAGE OF ASHLEY  
DELAWARE 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

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
Property and Other Taxes	\$ 94,706	\$ 119,684	\$ 214,390
Intergovernmental	36,352	82,407	118,759
Charges for Services	77,032	10,172	87,204
Fines, Licenses and Permits	7,763	138	7,901
Earnings on Investments	383	-	383
Miscellaneous	1,465	17,074	18,539
Total Cash Receipts	217,701	229,475	447,176
Cash Disbursements:			
Current:			
Security of Persons and Property	-	127,969	127,969
Public Health Services	-	11,171	11,171
Leisure Time Activities	-	29,829	29,829
Community Environment	1,722	-	1,722
Basic Utility Services	66,648	-	66,648
Transportation	-	77,427	77,427
General Government	108,632	24,207	132,839
Debt Service:			
Principal Retirement	-	14,734	14,734
Interest and Fiscal Charges	-	313	313
Total Cash Disbursements	177,002	285,650	462,652
<i>Excess of Receipts Over (Under) Disbursements</i>	40,699	(56,175)	(15,476)
Other Financing Receipts (Disbursements)			
Transfers In	-	51,000	51,000
Transfers Out	(51,000)	-	(51,000)
Total Other Financing Receipts (Disbursements)	(51,000)	51,000	-
Net Change in Fund Cash Balances	(10,301)	(5,175)	(15,476)
Fund Cash Balances, January 1, 2015	51,991	112,703	164,694
Fund Cash Balances, December 31, 2015			
Restricted	-	107,528	107,528
Unassigned	41,690	-	41,690
Fund Cash Balances, December 31, 2015	\$ 41,690	\$ 107,528	\$ 149,218

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

**VILLAGE OF ASHLEY  
DELAWARE COUNTY, OHIO**

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

	<u>Enterprise</u>	<u>Agency</u>
Operating Cash Receipts:		
Charges for Services	\$ 401,972	\$ -
Miscellaneous	30	-
Total Operating Cash Receipts	<u>402,002</u>	<u>-</u>
Operating Cash Disbursements:		
Personal Services	46,978	-
Fringe Benefits	25,409	-
Contractual Services	297,419	23,211
Supplies and Materials	12,822	-
Other	879	-
Total Operating Cash Disbursements	<u>383,507</u>	<u>23,211</u>
Operating Income (Loss)	<u>18,495</u>	<u>(23,211)</u>
Non-Operating Receipts (Disbursements):		
Property and Other Local Taxes	-	19,812
Intergovernmental	-	3,400
Special Assessments	44,073	-
Capital Outlay	(34,260)	-
Principal Retirement	(64,022)	-
Interest and Other Fiscal Charges	(3,555)	-
Proceeds of Loans	34,260	-
Total Non-Operating Receipts (Disbursements)	<u>(23,504)</u>	<u>23,212</u>
<i>Income (Loss) before Transfers</i>	(5,009)	1
Other Financing Receipts (Disbursements):		
Transfers In	70,524	-
Transfers Out	(70,524)	-
Total Other Financing Receipts (Disbursements)	<u>-</u>	<u>-</u>
Net Change in Fund Cash Balances	(5,009)	1
Fund Cash Balances, January 1, 2015	<u>209,817</u>	<u>-</u>
Fund Cash Balances, December 31, 2015	<u>\$ 204,808</u>	<u>\$ 1</u>

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

**Village of Ashley, Ohio**  
*Delaware County*  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2016 and 2015*

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**Note 1 - Reporting Entity**

The Village of Ashley (the Village), Delaware County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water, sewer, and trash utilities, street maintenance and repair, park operations, and police services. The Village contracts with Elm Valley Joint Fire District to receive fire protection services.

***Jointly Governed Organization, Public Entity Risk Pools, and Related Organization***

The Village participates in a jointly governed organization, a public entity risk pool, and is associated with a related organization. Notes 7, 10, 11, and 12 to the financial statements provides additional information for these entities. The organizations are:

**Public Entity Risk Pools:**

**Ohio Plan Risk Management, Inc.**

The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverage to its members.

**Ohio Municipal League Group Rating Plan (GRP)**

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker's compensation.

**Jointly Governed Organization:**

**Elm Valley Joint Fire District**

The District provides fire protection services within the Village.

**Related Organization:**

**Ashley Union Cemetery**

The Village appoints a Cemetery Board Member and serves as fiscal agent to the Cemetery.

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**

***Basis of Presentation***

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

**Village of Ashley, Ohio**  
*Delaware County*  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2016 and 2015*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

***Fund Accounting***

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported 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 account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

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

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

***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 costs.

***Sewer Fund*** This fund receives charges for services from residents to cover sewer service costs.

***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 accounts for property taxes collected and disbursed to the Wornstaff Memorial Library.

***Basis of Accounting***

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 Board 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).

**Village of Ashley, Ohio**  
*Delaware County*  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2016 and 2015*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Budgetary Process***

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

***Appropriations*** Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the 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.

***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.

***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 2016 and 2015 budgetary activity appears in Note 4.

***Deposits and Investments***

The Village's accounting basis includes deposits as assets. The Village has no investments.

***Capital Assets***

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

***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.

***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:

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

**Village of Ashley, Ohio**  
*Delaware County*  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2016 and 2015*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

**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.

**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.

**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.

**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.

**Note 3 - Compliance**

The Village was in noncompliance with the following:

- Ohio Administrative Code Section 117-2-02(A) for not properly monitoring and maintaining financial records and other financial reports.
- Ohio Revised Code Section 5705.36 for not timely requesting amended certificates throughout the years under audit, as well as not certifying the correct beginning unencumbered fund balances as of the beginning of 2016 and 2015.
- Ohio Revised Code Section 5705.40 for not properly amending its appropriations throughout the years under audit.
- Ohio Revised Code Section 5705.41(B) for having expenditures in excess of appropriations, as approved by council.
- Ohio Revised Code Section 5705.39 for having appropriations, as approved by council, in excess of Estimated Resources.
- Ohio Revised Code Section 5705.36(A)(4) for having appropriations, as approved by council, in excess of Actual Resources.
- Ohio Administrative Code Section 117-2-02(C)(1) for not properly and timely integrating appropriation measures, as approved by council, into the Village's UAN software.
- Ohio Revised Code Section 733.81 for being unable to provide evidence of completion of a continuing education program.



**Village of Ashley, Ohio**  
*Delaware County*  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2016 and 2015*

**Note 4 - Budgetary Activity**

Budgetary activity for the years ending December 31, 2016 and 2015 was as follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$250,059	\$335,420	\$85,361
Special Revenue	347,003	297,318	(49,685)
Enterprise	419,000	654,796	235,796
Fiduciary	25,906	23,141	(2,765)
Total	\$1,041,968	\$1,310,675	\$268,707

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$334,732	\$314,898	\$19,834
Special Revenue	333,379	314,202	19,177
Enterprise	726,313	646,251	80,062
Fiduciary	25,906	23,141	2,765
Total	\$1,420,330	\$1,298,492	\$121,838

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$214,331	\$217,701	\$3,370
Special Revenue	348,277	280,475	(67,802)
Enterprise	449,100	550,859	101,759
Fiduciary	23,989	23,212	(777)
Total	\$1,035,697	\$1,072,247	\$36,550

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$279,083	\$228,961	\$50,122
Special Revenue	316,413	289,414	26,999
Enterprise	666,145	557,483	108,662
Fiduciary	23,989	23,211	778
Total	\$1,285,630	\$1,099,069	\$186,561

**Village of Ashley, Ohio**  
*Delaware County*  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2016 and 2015*

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**Note 5 – Deposits**

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, 2016 and 2015 was as follows:

	<u>2016</u>	<u>2015</u>
Demand deposits	\$366,210	\$354,027

***Deposits***

Deposits are insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Village.

**Note 6 – Taxes**

***Property Taxes***

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.

***Income Taxes***

Effective January 1, 2016, the Village levies a municipal income tax of 1 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 of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually. Income tax revenue is credited to the General fund.

**Village of Ashley, Ohio**  
*Delaware County*  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2016 and 2015*

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**Note 7 - Risk Management**

***Risk Pool Membership***

**Ohio Plan Risk Management, Inc.**

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as 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 is legally separate from its member governments.

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.

OPRM coverage programs 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. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. Effective November 1, 2014, the OPRM retained 47% 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 772 and 783 members as of December 31, 2015 and 2014 respectively.

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 equity at December 31, 2015 and 2014 (the latest information available):

	<u>2015</u>	<u>2014</u>
Assets	\$14,643,667	\$14,830,185
Liabilities	(\$9,112,030)	(\$8,942,504)
Members' Equity	<u>\$5,531,637</u>	<u>\$5,887,681</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**Village of Ashley, Ohio**  
*Delaware County*  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2016 and 2015*

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**Note 8 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Full-time employees, other than full-time Police Officers, belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. 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, 2016.

***Ohio Police and Fire Retirement System***

The Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 11.5% of their wages for January 1, 2015 through June 30, 2015, and 12.25% of their wages for July 1, 2015 through December 31, 2016. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages for January 1, 2015 through December 31, 2016. The Village has paid all contributions required through December 31, 2016.

***Social Security***

Other part-time Village employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2016.

**Note 9 – Debt**

Debt outstanding at December 31, 2016 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OPWC Loan (CQ27D)	\$18,000	0.00%
OPWC Loan (CQ32A)	\$38,695	0.00%
OPWC Loan (CQ20K)	\$336,888	0.00%
OWDA Loan (6947)	\$34,233	0.00%
OWDA Loan (7107)	\$105,266	0.00%
DCB 2016 Ford F-250	\$9,115	3.00%
DCB 2016 Municipal Building Renovations Project	\$21,200	3.50%
Total	<u>\$563,397</u>	

**Village of Ashley, Ohio**  
*Delaware County*  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2016 and 2015*

**Note 9 – Debt (Continued)**

The Ohio Public Works Commission (OPWC) loans were issued for a wastewater treatment plant upgrade, a storm sewer improvement, and a sewer collection system. Payments are due semiannually each year. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The Ohio Water Development Authority (OWDA) loans were issued for a wastewater treatment plant upgrade. Payments are due semiannually each year. The Village has agreed to set utility rates sufficient to cover the OWDA debt service requirements.

On February 26, 2016, the Village entered into a note agreement with DCB for \$12,000 with an interest rate of 3.00% for the purpose of purchasing a 2016 Ford Truck to be used by the Village’s street maintenance crew. Payments are due in monthly installments of \$350 for 36 months ending on March 11, 2019.

On April 12, 2016, the Village entered into a note agreement with DCB for \$25,000 with an interest rate of 3.50% for the Village’s Building Renovations Project. Payments are due in monthly installments of \$560 for 48 months ending on April 27, 2020.

***Amortization***

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

Year ending December 31:	OPWC Loans	OWDA Loans	DCB Notes
2017	27,648	35,903	10,919
2018	27,648	35,903	10,919
2019	27,648	35,903	7,772
2020	27,643	35,903	2,241
2021	17,973	31,821	0
2022 - 2026	77,863	0	0
2027 - 2031	74,863	0	0
2032 - 2036	74,863	0	0
2037 - 2039	37,434	0	0
Total	\$393,583	\$175,433	\$31,851

**Note 10 – Jointly Governed Organization**

The Village of Ashley owns real property that was formerly used for fire protection by the Elm Valley Fire District, which is jointly governed by the Village. With the Elm Valley Fire District completing their new building on their property, the Village regained possession of the building and after renovations were done, it now is the Village Municipal Building. The Fire District is governed by one trustee each from Oxford Township, Peru Township, Westfield Township and the Village of Ashley.

**Village of Ashley, Ohio**  
*Delaware County*  
*Notes to the Financial Statements*  
*For the Years Ended December 31, 2016 and 2015*

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**Note 11 – Public Entity Risk Pool**

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker's compensation. The pool's business and affairs are conducted by a twenty-six-member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

**Note 12 – Related Organization**

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 collects a property tax to assist in financially supporting the Cemetery. The financial statements of the Cemetery can be obtained by writing Mary Ogg, Clerk at 8191 Ashley Road, Ashley, Ohio 43003.



**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

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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 Ashley  
Delaware County  
3 North Harrison Street  
Ashley, Ohio 43003

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 Ashley, Delaware County, Ohio, as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements, and have issued our report thereon dated June 8, 2017, wherein we noted the Village of Ashley followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also qualified our opinion due to a lack of sufficient appropriate audit evidence supporting which funds to charge the Village's overstatements of its combined cash fund balance as of January 1, 2015, and December 31, 2016 and 2015.

***Internal Control Over Financial Reporting***

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

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

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 Ashley's financial statements. We consider findings 2016-001, 2016-002, and 2016-004 through 2016-008 described in the accompanying schedule of findings and responses to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2016-003 described in the accompanying schedule of findings and responses to be a significant deficiency.

Members of Council and Mayor  
Village of Ashley

***Compliance and Other Matters***

As part of reasonably assuring whether the Village of Ashley's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, 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, 2016-003 through 2016-010.

***Village of Ashley's Response to Findings***

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.

***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 Ashley'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 Ashley's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.  
June 8, 2017



**VILLAGE OF ASHLEY  
DELAWARE COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>	
Finding Number	2016-001

Material Weakness – Cash Reconciliations

Strong monitoring practices of the Village’s financial activities are the responsibility of the Fiscal Officer and Council members and are essential to help ensure proper financial reporting. A bank to book reconciliation should be performed monthly and reconciling items should be identified, evaluated, and adjusted at the time of the reconciliation or when the reconciling item or error is discovered. Reconciliations should include all bank accounts and book balances. Additionally, the Fiscal Officer and Council members should review the bank to book reconciliations timely and regular financial reports of the Village’s financial activity, as well as, the Village’s budgeted versus actual receipts and disbursements for the for the reconciling period covered. Evidence of these reviews should be documented.

The Village did perform bank to book reconciliations throughout 2016 and 2015; however, reconciliations were not performed timely or on a monthly basis and they were not reviewed and approved by Council. Additionally, the reconciliations did not agree with the Uniform Accounting Network (UAN) system. As of December 31, 2016, and 2015 the Village had an unreconciled difference of \$10,312 and \$10,373, respectively. This is comparable to the unreconciled balance noted in the prior audit of \$10,352. The Village was unable to provide sufficient appropriate audit evidence to support the amounts, and to which funds, to charge this disbursement related to the overstated cash fund balance as of January 1, 2015, and December 31, 2016 and 2015.

As a result, inaccurate financial reports are being provided to the Village Council to aid in management decisions, which could lead to errors or irregularities occurring that could go undetected by management.

We recommend the Village Fiscal Officer reconcile all bank accounts to the Uniform Accounting Network (UAN) system on a timely basis. In this process, all reconciling items or errors should be identified and included on the face of the reconciliation. All unreconciled balances should be researched in order to find the known source of the error. All errors should be corrected in the Village’s ledgers following the completion, of the reconciliations. As an additional monitoring control, we recommend the monthly bank reconciliations be reviewed and approved by Council and evidence of all reviews and approvals be thoroughly documented in the Council meeting minutes or in the form of a review log. We also recommend the Village Council approve to write off the December 31, 2016 difference of \$10,312 to the General fund, then work to a reconcilable amount of zero for all of 2017.

Client Response: The Fiscal Officer did adjust for this in January of 2017, however Council did not approve it. We will have Council approve. We subsequently balance in 2017.

Finding Number	2016-002
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Material Weakness - Financial Statement Presentation

Accurate financial reporting is required in order to provide management and other stakeholders with objective and timely information to enable well-informed decisions.

Numerous adjustments were made to the financial statements for the years ended December 31, 2016 and 2015, to properly state financial statement amounts. In addition, numerous material adjustments were made to the Village’s related notes to their financial statements.

**VILLAGE OF ASHLEY  
DELAWARE COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)</b>	
Finding Number	2016-002 - (Continued)

The audited financial statements, related notes, and Village records have been adjusted for the misstatements identified during the audit.

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 expectations.

We recommend the Village consult with their auditors, the Village Officers Handbook, the Auditor of State and/or Ohio Municipal League to help ensure accurate financial reporting.

*Client Response:* The Fiscal Officer will work to provide a sound fiscal environment for the Village and has implemented additional policies and procedures to help with financial statement presentation.

Finding Number	2016-003
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Noncompliance/Significant Deficiency – Monitoring of Financial Reports

Ohio Admin. Code § 117-2-02(A), states, in part, all public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, and report the transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements, and prepare financial statements.

For the years ended December 31, 2016 and 2015 financial records were not timely updated by the Fiscal Officer. Additionally, evidence of proper monitoring by Council was not evident, nor maintained to determine the required records were being produced, maintained or timely updated. These records included monthly bank reconciliations and budget reports.

It is Council’s responsibility to monitor monthly reports and verify related documents agree. For internal controls to function properly, Council should closely monitor financial activity at each regular monthly meeting, at a minimum. Council should require bank reconciliations and detailed budget and actual receipt and disbursement reports be provided for their inspection. Monthly bank reconciliations should be reviewed to help ensure bank balances agree with monthly fund balances. Reconciling items and or variances should be reviewed to determine there are no unexplained items, and/or that the explanations are factual. The detailed budget versus actual reports should be reviewed to determine that receipts agree with estimates and expenditures are within appropriations and if necessary, appropriate budget modifications be updated.

For adequate segregation of duties and monitoring of accounting activity, it is essential the accounting system that is primarily operated by a single individual (Fiscal Officer), be monitored by Council members.

**VILLAGE OF ASHLEY  
DELAWARE COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)</b>	
Finding Number	2016-003 - (Continued)

In order to make better informed decisions, Council should carefully review the following information and make appropriate inquiries to help ensure the integrity of accounting information:

- Are current receipts sufficient to cover expenditures?
- Are expenditures in line with prior year costs?
- If unusual fluctuations in receipts or expenditures occur, is the reason understood, and has it been appropriately budgeted?
- Are anticipated receipts being timely received?
- When cash is available, is Council maximizing its return on invested cash balances?
- Are Council records, reports and cash reconciliations maintained and presented in a timely manner that provide accurate and meaningful information to Council?
- Are errors and irregularities examined timely and are those responsible for providing accounting information being held accountable for providing accurate and complete financial information?

We recommend to improve the controls over financial activity, Council should document receipt and review of all of financial reports in the minutes. Council's review of financial reports should include monthly bank reconciliations and budgetary information. Also, a designated Council member should sign or initial and date these reports as evidence of review.

*Client Response:* The Village will properly submit the required documents, timely, to the Council for their review.

Finding Number	2016-004
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Noncompliance/Material Weakness

Ohio Revised Code Section 5705.36 in part, requires subdivisions to request increased or reduced amended certificates of estimated resources upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the last certified amended certificate. Ohio Revised Code Section 5705.36 also requires the Village to certify the proper unencumbered beginning balances to the County Auditor on or about the first of each fiscal year.

The Village did not request timely amended certificates throughout the years ended December 31, 2016 and 2015 upon notice of increased or decreased resources. Furthermore, the Village did not certify the correct beginning unencumbered fund balances as of the beginning of 2016 and 2015.

The Village is not properly certifying its most current estimated resources, including the correct unencumbered balances, to the appropriate authorities and thus causing appropriations to exceed estimated resources, throughout the years ended December 31, 2016 and 2015.

**VILLAGE OF ASHLEY  
DELAWARE COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)</b>	
Finding Number	2016-004 - (Continued)

We recommend that the Village consult the Ohio Compliance Supplement, the Village Officer’s Manual and its auditors to ensure that Village fund balances agree to audited reports. Furthermore, we recommend the Village review the unencumbered balances per its accounting system to ensure the proper estimated resources are certified. This will facilitate the Village’s appropriation process.

*Client Response:* The Village will certify resources to the county timely, and correctly, and update if applicable throughout the year.

Finding Number	2016-005
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Noncompliance/Material Weakness

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 developing the original appropriations.

The Village did not properly amend its appropriations throughout the years ended December 31, 2016 and 2015.

By not properly and timely modifying the Council approved appropriations measures within the Accounting System, the potential to overspend in certain funds exists and may hinder the Village’s ability to effectively budget and monitor disbursements related to the budget.

We recommend 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 should monitor its budgetary process on a regular basis and make amendments as necessary.

*Client Response:* The Village will modify their appropriations throughout the year if applicable.

Finding Number	2016-006
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Noncompliance/Material Weakness

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

**VILLAGE OF ASHLEY  
DELAWARE COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)</b>	
Finding Number	2016-006 - (Continued)

The Village had expenditures plus outstanding encumbrances in excess of appropriations, as approved by Council, in the following fund at December 31, 2016 and 2015:

For the Year Ended December 31, 2016

Fund (Fund type)	Appropriations	Expenditures Plus Encumbrances	Excess
WWTP Project (Enterprise fund)	\$ 35,000	\$ 109,321	\$ 74,321

For the Year Ended December 31, 2015

Fund	Appropriations	Expenditures Plus Encumbrances	Excess
Cemetery (Special Revenue Fund)	\$ 10,870	\$ 11,362	\$ 492
Sewer Main Assessment (Enterprise Fund)	30,800	31,619	819
WWTP Project (Enterprise Fund)	-	34,260	34,260

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

We recommend 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 more closely on a continual basis.

*Client Response:* The Village will modify their appropriations throughout the year if applicable.

Finding Number	2016-007
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Noncompliance/Material Weakness

Ohio Revised Code Section 5705.39 requires that a subdivision's total appropriations from each fund should not exceed total estimated resources.

**VILLAGE OF ASHLEY  
DELAWARE COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)</b>	
Finding Number	2016-007 – (Continued)

The Village had appropriations, as approved by council, exceeding total estimated resources, in the following funds at December 31, 2016 and 2015:

For the Year Ended December 31, 2016

Fund (Fund type)	Appropriations	Estimated Resources	Excess
General	\$ 333,773	\$ 291,749	\$ (42,024)
Cemetery (Special Revenue fund)	11,379	11,036	(343)
Parks and Recreation (Special Revenue fund)	37,040	30,965	(6,075)
Water Operating (Enterprise fund)	319,028	269,944	(49,084)
WWTP Project 2015 (Enterprise fund)	35,000	-	(35,000)
Sewer Debt Service (Enterprise fund)	59,302	1,500	(57,802)
DCB Water Tower Project Loan (Enterprise fund)	7,363	298	(7,065)
Sewer Debt Service Reserve (Enterprise fund)	21,054	16,704	(4,350)

For the Year Ended December 31, 2015

Fund (Fund type)	Appropriations	Estimated Resources	Excess
General	\$ 279,083	\$ 266,322	\$ (12,761)
Parks and Recreation (Special Revenue fund)	40,820	21,905	(18,915)
Water Operating (Enterprise fund)	331,590	313,311	(18,279)
Sewer Debt Service (Enterprise fund)	58,848	2,205	(56,643)
DCB Water Tower Project Loan (Enterprise fund)	8,800	27	(8,773)

With appropriations exceeding estimated resources, the Village may spend more funds than available or in process of collection and cause fund deficits.

**VILLAGE OF ASHLEY  
DELAWARE COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)</b>	
Finding Number	2016-007 - (Continued)

We recommend the Village comply with the Ohio Revised Code and Auditor of State Bulletin 97-010 and continually monitor appropriations versus estimated resources records. If it is determined that estimated resources will be different than initially anticipated, the Village should amend its estimate and also amend the appropriations as necessary; however, appropriations should not exceed estimated resources.

*Client Response:* These were oversights that will be corrected in the future.

Finding Number	2016-008
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Noncompliance/Material Weakness

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, as approved by council, exceeding total actual resources, in the following funds at December 31, 2016 and 2015:

For the Year Ended December 31, 2016

Fund	Appropriations	Actual Resources	Excess
Cemetery (Special Revenue Fund)	\$ 11,379	11,347	\$ (32)
Parks and Recreation (Special Revenue Fund)	37,070	35,247	(1,823)
Police Levy (Special Revenue Fund)	150,578	145,485	(5,093)
Water Operating (Enterprise Fund)	320,453	307,088	(13,365)
DCB Water Tower Project Loan (Enterprise Fund)	7,363	7,275	(88)

For the Year Ended December 31, 2015

Fund (Fund type)	Appropriations	Actual Resources	Excess
General	\$ 279,083	269,691	\$ (9,392)
Parks and Recreation (Special Revenue fund)	40,820	33,055	(7,765)
Police Levy (Special Revenue fund)	141,938	135,978	(5,960)
Water Operating (Enterprise fund)	331,590	293,560	(38,030)

**VILLAGE OF ASHLEY  
DELAWARE COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)</b>	
Finding Number	2016-008 - (Continued)

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.

We recommend the Village monitor estimated resources in comparison with actual resources and appropriations, and if necessary, obtain a decreased amended certificate and amend appropriations accordingly. Further guidance may be found in Auditor of State bulletin 97-010.

Client Response: Going forward we will do amended certificates of estimated resources as needed.

Finding Number	2016-009
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Noncompliance

Ohio Administrative Code Section 117-2-02(C)(1) requires local public offices to 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 balances of appropriations.

The Village's UAN system included appropriations that were not legal since they were not approved timely by Village Council for the years ended December 31, 2016 and 2015.

Lack of approved appropriations within the Village's accounting system hinders the Village's ability to effectively budget and monitor disbursements related to the budget.

We recommend that Village adopt procedures for accurately tracking and integrating their County Budget Commission approved appropriations within their UAN system to effectively monitor their budget throughout the year.

Client Response: The Village will properly track their budgetary measures during the year as required.

Finding Number	2016-010
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Noncompliance

Ohio Revised Code Section 733.81 – Fiscal Integrity Act requires any elected or appointed fiscal officer to complete at least six hours of initial education programs before commencing, or during the first year of office. An additional eighteen hours of continuing education must be completed within the fiscal officer's first term. Twelve hours of training shall be completed for each subsequent term.

The Village Fiscal Officer could not provide evidence of any completed continuing education programs for the Fiscal Officer whose term ended, July 18, 2016, during the fiscal years ended December 31, 2016 and 2015.



**VILLAGE OF ASHLEY  
DELAWARE COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)</b>	
Finding Number	2016-010 - (Continued)

Not attending training could lead to the Village Fiscal Officer not being aware of recent fiscal changes. In addition, the Village Fiscal Officer may not receive pertinent information regarding Ohio compliance of financial presentations, issues, etc.

We recommend that the Village's Fiscal Officer attend the next training for Village Fiscal Officers and continue to attend training on an annual basis as required by the Fiscal Integrity Act.

*Client Response:* The Village has had turnover in the Clerk/Treasurer and Council positions. This is making it difficult to attend trainings.

**VILLAGE OF ASHLEY  
DELAWARE COUNTY, OHIO**

**STATUS OF PRIOR AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

<b><u>Finding Number</u></b>	<b><u>Finding Summary</u></b>	<b><u>Fully Corrected?</u></b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <u>Explain:</u></b>
2014-001	<u>Material Weakness - Cash Reconciliation</u> - A bank to book reconciliation should be performed monthly and reconciling items should be identified, evaluated, and adjusted at the time of the reconciliation or when the reconciling item or error is discovered. The Village did perform bank to book reconciliations throughout 2014 and 2013; however, reconciliations were not performed timely or on a monthly basis and they were not reviewed and approved by Council. Additionally, the reconciliations did not agree with the Uniform Accounting Network (UAN) system leaving a significant unreconciled difference on the Village's reconciliation, for which sufficient proper support was unable to be obtained.	No	Repeated as finding 2016-001
2014-002	<u>Material Weakness - Financial Statement Presentation</u> - The presentation of materially correct financial statements and the related footnotes is the responsibility of management and is an important part of the Village's overall purpose. Financial reporting requires internal controls to help ensure the accuracy of the activity reported. Several adjustments were posted to the audited financial statements to make them materially correct.	No	Repeated as finding 2016-002

**VILLAGE OF ASHLEY  
DELAWARE COUNTY, OHIO**

**STATUS OF PRIOR AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

<b><u>Finding Number</u></b>	<b><u>Finding Summary</u></b>	<b><u>Fully Corrected?</u></b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <u>Explain:</u></b>
2014-003	<u>Significant Deficiency - Utility Adjustment Controls</u> - Adjustments made to utility bills are often a source of potential fraud. To mitigate the risks associated with utility bill adjustments, the Village should have strong internal controls and approved policies in place. Audit procedures identified several adjustments to utility bills throughout 2014 and 2013. These adjustments were made without management approval or oversight. There was no evidence that management performed any review or reconciliation over these adjustments.	Yes	N/A
2014-004	<u>Significant Deficiency - Monitoring of Financial Reports</u> - During the audit period, financial records were not timely updated by the Fiscal Officer. Additionally, evidence of proper monitoring by Council was not evident, nor maintained to determine the required records were being produced, maintained or timely updated. These records included monthly bank reconciliations and budget reports. For adequate segregation of duties and monitoring of accounting activity, it is essential the accounting system that is primarily operated by a single individual (Fiscal Officer), be monitored by Council members.	No	Repeated as finding 2016-003

**VILLAGE OF ASHLEY  
DELAWARE COUNTY, OHIO**

**STATUS OF PRIOR AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**

<b><u>Finding Number</u></b>	<b><u>Finding Summary</u></b>	<b><u>Fully Corrected?</u></b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i></b>
2014-005	<u>Noncompliance - Appropriations Exceeding Estimated Resources - Ohio Revised Code Section 5705.39</u> requires that a subdivision's total appropriations from each fund should not exceed total estimated resources. The Village had total appropriations exceeding total estimated resources in multiple funds at December 31, 2014 and 2013.	No	Repeated as finding 2016-007



# 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  
OCTOBER 10, 2017