

**VILLAGE OF URBANCREST
FRANKLIN COUNTY, OHIO**

Financial Statements
(Audited)

For The Years Ended
December 31, 2013 and 2012

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, 2012 through December 31, 2013. 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

September 19, 2014

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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 and related notes of the Village of Urbancrest, Franklin County, Ohio, as of and for the years ended December 31, 2013 and 2012.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial 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 1 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, to satisfy requirements.

Members of Council and Mayor
Village of Urbancrest
Page Two

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village of Urbancrest as of December 31, 2013 and 2012, 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, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Emphasis of Matter

As described in Note 6, loan balances at December 31, 2011 were restated in order to properly include the OPWC Sanitary and Sewer Improvements loan. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 30, 2014, on our consideration of the Village 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.
July 30, 2014

**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, 2013

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash receipts:					
Property and local taxes	\$ 9,239	\$ -	\$ -	\$ -	\$ 9,239
Municipal income tax	987,970	-	-	-	987,970
Intergovernmental	69,091	39,334	-	-	108,425
Fines, licenses, and permits	48,910	-	-	-	48,910
Earnings on investments	302	14	-	15	331
Miscellaneous	4,689	-	-	-	4,689
Total cash receipts	1,120,201	39,348	-	15	1,159,564
Cash disbursements:					
Current:					
Security of persons and property	29,826	-	-	-	29,826
Leisure time activities	27,203	-	-	-	27,203
Community environment	11,566	-	-	-	11,566
Transportation	118,259	12,453	-	-	130,712
General government	469,362	-	-	20,923	490,285
Capital outlay	-	-	-	61,965	61,965
Debt service:					
Principal retirement	-	-	64,000	-	64,000
Interest and fiscal charges	-	-	13,716	-	13,716
Total cash disbursements	656,216	12,453	77,716	82,888	829,273
Excess of receipts over/(under) disbursements	463,985	26,895	(77,716)	(82,873)	330,291
Other financing receipts (disbursements):					
Transfers in	-	-	77,891	-	77,891
Transfers out	(77,891)	-	-	-	(77,891)
Total other financing receipts (disbursements)	(77,891)	-	77,891	-	-
Net change in fund cash balances	386,094	26,895	175	(82,873)	330,291
Fund cash balances, January 1, 2013	1,712,409	236,242	(8,281)	690,075	2,630,445
Fund cash balances, December 31, 2013					
Restricted	-	263,137	-	607,202	870,339
Assigned	1,076,078	-	-	-	1,076,078
Unassigned (deficit)	1,022,425	-	(8,106)	-	1,014,319
Fund cash balances, December 31, 2013	\$ 2,098,503	\$ 263,137	\$ (8,106)	\$ 607,202	\$ 2,960,736

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, 2013

	Proprietary Fund Type	Fiduciary Fund Type
	Enterprise	Agency
Operating cash receipts:		
Charges for services	\$ 14,938	\$ -
Total operating cash receipts	14,938	-
Operating cash disbursements:		
Personal services	3,600	-
Fringe benefits	4,330	-
Other	261	-
Total operating cash disbursements	8,191	-
Income/(loss) before operating transfers	6,747	-
Non-operating receipts (disbursements)		
Sale of notes	20,538	-
Capital outlay	(20,538)	-
Total non-operating receipts (disbursements)	-	-
Net income/(loss)	6,747	-
Fund cash balances, January 1, 2013	201,048	500
Fund cash balances, December 31, 2013	\$ 207,795	\$ 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, 2012

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash receipts:					
Property and local taxes	\$ 6,710	\$ 5,037	\$ -	\$ -	\$ 11,747
Municipal income tax	948,070	-	-	-	948,070
Intergovernmental	76,522	40,670	-	-	117,192
Fines, licenses, and permits	28,759	-	-	-	28,759
Earnings on investments	676	74	-	-	750
Miscellaneous	2,656	-	-	-	2,656
Total cash receipts	<u>1,063,393</u>	<u>45,781</u>	<u>-</u>	<u>-</u>	<u>1,109,174</u>
Cash disbursements:					
Current:					
Security of persons and property	31,936	-	-	-	31,936
Leisure time activities	2,250	-	-	-	2,250
Community environment	11,678	-	-	-	11,678
Transportation	100,508	3,236	-	-	103,744
General government	522,313	-	-	14,612	536,925
Capital outlay	-	-	-	744,385	744,385
Debt service:					
Interest and fiscal charges	-	-	8,281	-	8,281
Total cash disbursements	<u>668,685</u>	<u>3,236</u>	<u>8,281</u>	<u>758,997</u>	<u>1,439,199</u>
Excess of receipts over/(under) disbursements	<u>394,708</u>	<u>42,545</u>	<u>(8,281)</u>	<u>(758,997)</u>	<u>(330,025)</u>
Other financing receipts (disbursements):					
Sale of notes	-	-	-	500,000	500,000
Transfers in	-	-	-	597,956	597,956
Transfers out	(597,956)	-	-	-	(597,956)
Total other financing receipts (disbursements)	<u>(597,956)</u>	<u>-</u>	<u>-</u>	<u>1,097,956</u>	<u>500,000</u>
Net change in fund cash balances	(203,248)	42,545	(8,281)	338,959	169,975
Fund cash balances, January 1, 2012	<u>1,915,657</u>	<u>193,697</u>	<u>-</u>	<u>351,116</u>	<u>2,460,470</u>
Fund cash balances, December 31, 2012					
Restricted	-	236,242	-	690,075	926,317
Assigned	759,194	-	-	-	759,194
Unassigned (deficit)	953,215	-	(8,281)	-	944,934
Fund cash balances, December 31, 2012	<u>\$ 1,712,409</u>	<u>\$ 236,242</u>	<u>\$ (8,281)</u>	<u>\$ 690,075</u>	<u>\$ 2,630,445</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, 2012

	Proprietary Fund Type	Fiduciary Fund Type
	Enterprise	Agency
Operating cash receipts:		
Charges for services	\$ 18,109	\$ -
Total operating cash receipts	18,109	-
Operating cash disbursements:		
Personal services	3,600	-
Fringe benefits	4,164	-
Contractual services	10,535	-
Other	29	-
Total operating cash disbursements	18,328	-
Income/(loss) before operating transfers	(219)	-
Non-operating receipts (disbursements)		
Sale of notes	45,466	-
Capital outlay	(45,466)	-
Total non-operating receipts (disbursements)	-	-
Net income/(loss)	(219)	-
Fund cash balances, January 1, 2012	201,267	500
Fund cash balances, December 31, 2012	\$ 201,048	\$ 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, 2013 AND 2012**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Urbancrest, (the “Village”) is a body corporate and politic established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected, six-member Council. The Village provides street maintenance and water utilities operations, park operations, and police protection services. The Village appropriates General Fund money to support a volunteer fire department.

The Village's management believes these financial statements included in this report represent all of the funds of the Village over which the Village has the ability to exercise direct operating control.

B. Accounting Basis

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

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

C. Cash and Investments

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

D. 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.

**VILLAGE OF URBANCREST
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

2. Special Revenue Funds

These funds account for and report the proceeds of specific 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:

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

5. Proprietary Fund Types

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 the cost of providing this utility.

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

**VILLAGE OF URBANCREST
FRANKLIN COUNTY, OHIO**

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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 2013 or in 2012.

E. 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.

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 also approve estimated resources.

3. Encumbrances

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

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

**VILLAGE OF URBANCREST
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

F. Fund Balance

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

1. Nonspendable

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

2. Restricted

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

3. Committed

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

4. Assigned

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

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.

**VILLAGE OF URBANCREST
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

G. Property, Plant and Equipment

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

H. Accumulated Leave

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

I. 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.

NOTE 2 - CASH 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:

	2013	2012
Demand Deposits	\$ 3,153,761	\$ 2,816,723
Certificates of Deposit	15,270	15,270
Total Deposits	\$ 3,169,031	\$ 2,831,993

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

**VILLAGE OF URBANCREST
FRANKLIN COUNTY, OHIO**

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

NOTE 3 - BUDGETARY ACTIVITY

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

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 910,806	\$ 1,120,201	\$ 209,395
Special Revenue	46,112	39,348	(6,764)
Debt Service	77,891	77,891	-
Capital Projects	-	15	15
Enterprise	15,500	35,476	19,976
Total	<u>\$ 1,050,309</u>	<u>\$ 1,272,931</u>	<u>\$ 222,622</u>

2013 Budgeted vs. Actual Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,670,000	\$ 734,337	\$ 935,663
Special Revenue	202,300	14,071	188,229
Debt Service	77,891	77,716	175
Capital Projects	395,194	161,888	233,306
Enterprise	201,423	28,729	172,694
Total	<u>\$ 2,546,808</u>	<u>\$ 1,016,741</u>	<u>\$ 1,530,067</u>

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 911,485	\$ 1,063,393	\$ 151,908
Special Revenue	88,000	45,781	(42,219)
Debt Service	-	-	-
Capital Projects	-	1,097,956	1,097,956
Enterprise	72,100	63,575	(8,525)
Total	<u>\$ 1,071,585</u>	<u>\$ 2,270,705</u>	<u>\$ 1,199,120</u>

2012 Budgeted vs. Actual Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 2,087,247	\$ 1,268,453	\$ 818,794
Special Revenue	192,978	3,236	189,742
Debt Service	8,281	8,281	-
Capital Projects	1,154,965	758,997	395,968
Enterprise	149,535	63,827	85,708
Total	<u>\$ 3,593,006</u>	<u>\$ 2,102,794</u>	<u>\$ 1,490,212</u>

**VILLAGE OF URBANCREST
FRANKLIN COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 4 - PROPERTY TAX

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

Public utilities are also taxed on personal and real property located within the Village.

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

NOTE 5 - 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 6 - DEBT

At December 31, 2013 and December 31, 2012, debt obligations consisted of the following issuances:

<u>Description</u>	<u>Balance at 12/31/2013</u>	<u>Balance at 12/31/2012</u>
Series 2012 Administration Building Construction Bonds	\$ 436,000	\$ 500,000
2012 OPWC Sanitary and Storm Sewer Improvements (CC0ZN)	<u>227,358</u>	<u>206,820</u>
Total	<u><u>\$ 663,358</u></u>	<u><u>\$ 706,820</u></u>

**VILLAGE OF URBANCREST
FRANKLIN COUNTY, OHIO**

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

NOTE 6 - DEBT - (Continued)

Transactions for the years ended December 31, 2013 and December 31, 2012 are summarized as follows:

<u>2013</u>	<u>Balance at 12/31/2012</u>	<u>Proceeds</u>	<u>Retirements</u>	<u>Balance at 12/31/2013</u>
Series 2012 Administration Building Construction Bonds	\$ 500,000	\$ -	\$ (64,000)	\$ 436,000
2012 OPWC Sanitary and Storm Sewer Improvements (CC0ZN)	206,820	20,538	-	227,358
Total	<u>\$ 706,820</u>	<u>\$ 20,538</u>	<u>\$ (64,000)</u>	<u>\$ 663,358</u>
<u>2012</u>	<u>(Restated) Balance at 12/31/2011</u>	<u>Proceeds</u>	<u>Retirements</u>	<u>Balance at 12/31/2012</u>
Series 2012 Administration Building Construction Bonds	\$ -	\$ 500,000	\$ -	\$ 500,000
2012 OPWC Sanitary and Storm Sewer Improvements (CC0ZN)	161,354	45,466	-	206,820
Total	<u>\$ 161,354</u>	<u>\$ 545,466</u>	<u>\$ -</u>	<u>\$ 706,820</u>

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

<u>Year Ending December 31,</u>	<u>Building Construction Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 66,500	\$ 11,954	\$ 78,454
2015	69,000	9,943	78,943
2016	71,500	7,858	79,358
2017	73,500	5,706	79,206
2018	76,500	3,480	79,980
2019	79,000	1,172	80,172
Total	<u>\$ 436,000</u>	<u>\$ 40,113</u>	<u>\$ 476,113</u>

As of December 31, 2013, the terms of the OPWC Sanitary and Stormwater Sewer Improvements loan had not been finalized.

**VILLAGE OF URBANCREST
FRANKLIN COUNTY, OHIO**

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

NOTE 7 - RETIREMENT SYSTEMS

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

The Ohio Revised Code also prescribes contribution rates. For 2013 and 2012, 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% and 4.2% of their wages to FICA for 2013 and 2012, respectively. The Village also contributed an amount equal to 6.2% of their wages for 2013 and 2012.

NOTE 8 - 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. American Risk Pooling Consultants, Inc. (ARPCO), a division of 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 ARPCO. 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, 2013, 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, 2013 AND 2012

NOTE 8 - RISK MANAGEMENT - (Continued)

Financial Position

PEP’s financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2012 and 2013:

	<u>2012</u>	<u>2013</u>
Assets	\$34,389,569	\$34,411,883
Liabilities	(14,208,353)	(12,760,194)
Net Position	<u>\$20,181,216</u>	<u>\$21,651,689</u>

At December 31, 2012 and 2013, respectively, the liabilities above include approximately \$13.1 million and \$11.6 million of estimated incurred claims payable. The assets above also include approximately \$12.6 million and \$11.1 million of unpaid claims to be billed to approximately 475 member governments in the future, as of December 31, 2012 and 2013, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2013, the Government’s share of these unpaid claims collectible in future years is approximately \$12,566.

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>2012</u>	<u>2013</u>
\$ 16,197	\$ 17,951

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, 2013 AND 2012**

NOTE 9 - COMPLIANCE

- A.** The Village did not timely certify expenditures for the years ended December 31, 2013 and 2012 in noncompliance with Ohio Revised Code Section 5705.41(D).
- B.** The Village appropriations exceeded the estimated resources in the Debt Service Fund and the Capital Projects Fund for the year ended December 31, 2012 in noncompliance with Ohio Revised Code Sections 5705.39 and 5705.36.
- C.** The Village appropriations exceeded the actual resources in the Debt Service Fund and the Capital Projects Fund for the year ended December 31, 2012 in noncompliance with Ohio Revised Code Section 5705.36(A)(4).
- D.** The Village had a negative fund balance in its Debt Service Fund at December 31, 2013 and 2012 in noncompliance with Ohio Revised Code Section 5705.10.
- E.** The Village did not maintain accounting records in noncompliance with Ohio Administrative Code 117-2-02(D).

NOTE 10 - CONTINGENT LIABILITIES

Management believes there are no pending claims or lawsuits.

**VILLAGE OF URBANCREST
FRANKLIN COUNTY, OHIO**

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

NOTE 11 - INTERFUND ACTIVITY

The Village had the following transfers for the year ended December 31, 2013:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	<u>\$ -</u>	<u>\$ 77,891</u>
Debt Service Fund	<u>77,891</u>	<u>-</u>
Total	<u><u>\$ 77,891</u></u>	<u><u>\$ 77,891</u></u>

The Village had the following transfers for the year ended December 31, 2012:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	<u>\$ -</u>	<u>\$ 597,956</u>
Capital Projects Fund	<u>597,956</u>	<u>-</u>
Total	<u><u>\$ 597,956</u></u>	<u><u>\$ 597,956</u></u>

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



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 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 Village of Urbancrest, Franklin County, Ohio, as of and for the years ended December 31, 2013 and 2012 and the related notes to the financial statements and have issued our report thereon dated July 30, 2014 wherein we noted the Village of Urbancrest followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, and that loan balances as of December 31, 2011 were restated as described in Note 6 to the financial statements.

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.

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.

Members of Council and Mayor
Village of Urbancrest

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. We consider findings 2013-VOU-001 and 2013-VOU-002 described in the accompanying schedule of findings and responses to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Village of 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 six 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 2013-VOU-002 through 2013-VOU-007.

We also noted certain matters not requiring inclusion in the report that we reported to the Village of Urbancrest's management in a separate letter dated July 30, 2014.

Entity'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.
July 30, 2014

VILLAGE OF URBANCREST
FRANKLIN COUNTY, OHIO

SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2013 AND 2012

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

Finding Number	2013-VOU-001
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Material Weakness - Financial Statement Presentation

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

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.

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

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

Finding Number	2013-VOU-002
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Material Weakness/Noncompliance

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 had 71% and 50% of expenditures that were not timely certified for the years ended December 31, 2013 and December 31, 2012, respectively. In addition purchase orders were not signed by the Fiscal Officer evidencing monies had been lawfully appropriated and were in the treasury or in the process of collection.

**VILLAGE OF URBANCREST
FRANKLIN COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2013 AND 2012**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2013-VOU-002 - (Continued)

Without timely certification, the Village may expend more funds than available in the Treasury, in the process of collection or in the funds appropriated. It may also result in unnecessary purchases.

We recommend that all orders or contracts involving the expenditure of money be timely certified to ensure all monies expended are lawfully appropriated and available in the treasury or in the process of collection. A policy and procedure statement adopted by the Council and distributed at least annually may be beneficial. The Village should consider using “Then” and “Now” certificates where applicable.

Client Response: The Village is attempting to use blanket certificates and ‘then and now’ certificates when applicable.

Finding Number	2013-VOU-003
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Ohio Revised Code Section 5705.39 in part requires that the total appropriation from each fund should not exceed estimated resources.

At December 31, 2012, the total appropriations exceeded the total estimated resources in the following funds:

<u>2012</u>	<u>Appropriations</u>	<u>Estimated Resources</u>	<u>Excess</u>
<u>Debt Service:</u>			
Note Retirement Fund	\$ 8,281	\$ -	\$ 8,281
<u>Capital Projects:</u>			
Capital Improvement Fund	1,154,965	57,191	1,097,774

With appropriations exceeding estimated resources, the Village is appropriating monies that are either not in the Treasury, process of collection or 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.

**VILLAGE OF URBANCREST
FRANKLIN COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2013 AND 2012**

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

Throughout the year ended December 31, 2012, the Village had appropriations exceeding estimated resources. 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.

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

Finding Number	2013-VOU-005
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Ohio Revised Code Section 5705.36(A)(4) states that upon a determination by the Fiscal Officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the Fiscal Officer shall certify the amount of the deficiency to the commission and the commission shall certify an amended certificate reflecting the deficiency.

At year end, the Village had appropriations that were greater than actual resources, which consist of actual revenues, beginning fund balance and prior year encumbrances appropriated, in the following funds:

<u>2012</u> <u>Fund Type/Fund</u>	<u>Actual</u> <u>Resources</u>	<u>Appropriations</u>	<u>Excess</u>
<u>Debt Service:</u>			
Note Retirement Fund	-	8,281	\$ 8,281
<u>Capital Projects:</u>			
Capital Improvement Fund	1,138,072	1,154,965	16,893

**VILLAGE OF URBANCREST
FRANKLIN COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2013 AND 2012**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2013-VOU-005 - (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 appropriations in comparison to actual resources and obtain decreased amended appropriations as needed. Further guidance may be found in Auditor of State bulletin 97-010.

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

Finding Number	2013-VOU-006
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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 maintained a negative cash fund balance in the Note Retirement Fund in the amount of \$8,281 and \$8,106, respectively, for the years ended December 31, 2013 and 2012.

By having negative fund balances, these funds have spent other funds' balances. This could indicate insufficient monitoring of appropriations and related expenditures and continual review of cash management. No fund should have a negative cash fund balance throughout the year or at year end.

We recommend that the Village properly expend monies only after funds have been received and subsequent to proper appropriation. If funds are anticipated, but not yet received and expenditures are necessary, the Village should advance or transfer funds from the General Fund with proper Council approval. We recommend the Village utilize its accounting software program to its fullest and continually review relevant reports to assist in preventing negative fund balances.

Client Response: The Village Fiscal Officer will attempt to monitor cash balances throughout the year and advance or transfer funds as necessary.

VILLAGE OF URBANCREST
FRANKLIN COUNTY, OHIO

SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2013 AND 2012

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2013-VOU-007

Noncompliance/Material Weakness

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.

In 2012 and 2013, the Village's appropriations approved in the minutes did not agree to the Uniform Accounting Network (UAN) system appropriations.

By not correctly including appropriations into the financial software, it could become challenging for the Village to easily monitor its budgeted activity in comparison with its actual amounts. The Village is also at risk of overspending in excess of available funds, which could possibly result in negative fund balances.

We recommend that approved appropriation modifications as evidenced within the Council minutes be incorporated into UAN by the Fiscal Officer in a timely manner. This will aid the Council and Fiscal Officer in their review of disbursements versus appropriations and help ensure appropriations are in place prior to disbursements.

Client Response: The Fiscal Officer will work to ensure that current appropriations and other budgetary information are properly input into the UAN system.

**VILLAGE OF URBANCREST
FRANKLIN COUNTY, OHIO**

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

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2011-01	<u>Noncompliance Citation</u> - Ohio Revised Code Section 5705.41(D)(1) requires, in part, that no subdivision or taxing unit shall make any contract or order any expenditure unless there is attached thereto a certificate of the fiscal officer of the subdivision certifying that the amount required to meet the obligation has been lawfully appropriated for such purposes and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Every contract made without such a certificate shall be void and no warrant shall be issued in payment of any amount due thereon.	No	Repeated as finding 2013-VOU-002
2011-02	<u>Material Weakness - Recording of Financial Activity</u> - The Village's 2012 and 2011 accounting records had expenditure classification errors. The classification errors consisted of the improper recording of collection of franchise fees.	No	Repeated as finding 2013-VOU-001

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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
OCTOBER 2, 2014**