

VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO

REGULAR AUDIT

FOR THE YEARS ENDED
DECEMBER 31, 2020 & 2019



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Village Council
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, 2019 through December 31, 2020. 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 "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

July 12, 2021

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**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

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Independent Auditor's Report

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

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and for each governmental, proprietary and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the Village of Ashley, Delaware County, Ohio.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), as described in Note 2. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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 for the purpose of expressing an opinion on the effectiveness of the Village of Ashley's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2, the financial statements are prepared by the Village of Ashley, on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP), to meet the requirements of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D).

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be 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 "Unmodified Opinion on Regulatory Basis of Accounting" paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village of Ashley, as of December 31, 2020 and 2019, or changes in net position, or cash flows thereof for the years then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and for each governmental, proprietary and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the Village of Ashley, in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) as described in Note 2.

Emphasis of Matters

As described in Note 12 to the financial statements, for the year ended December 31, 2020, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the the Village of Ashley. As described in Note 13 to the financial statements, for the year ended December 31, 2020, the Village of Ashley adopted a change in accounting principle and removed the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) – All Governmental Fund Types. Our opinions are not modified with respect to these matters.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2021, on our consideration of the Village of Ashley's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village of Ashley's 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 25, 2021

Village of Ashley
Delaware County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2020

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 101,800	\$ 126,408	\$ 228,208
Municipal Income Tax	215,180	-	215,180
Intergovernmental	42,349	96,035	138,384
Charges for Services	107,436	-	107,436
Fines, Licenses and Permits	9,489	721	10,210
Earnings on Investments	4,565	-	4,565
Miscellaneous	42,333	2,238	44,571
<i>Total Cash Receipts</i>	<u>523,152</u>	<u>225,402</u>	<u>748,554</u>
Cash Disbursements			
Current:			
Security of Persons and Property	-	159,304	159,304
Public Health Services	-	11,591	11,591
Leisure Time Activities	-	7,346	7,346
Basic Utility Services	104,500	-	104,500
Transportation	-	72,340	72,340
General Government	143,577	23,298	166,875
Debt Service:			
Principal Retirement	-	3,000	3,000
<i>Total Cash Disbursements</i>	<u>248,077</u>	<u>276,879</u>	<u>524,956</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>275,075</u>	<u>(51,477)</u>	<u>223,598</u>
Other Financing Receipts (Disbursements)			
Transfers In		97,000	97,000
Transfers Out	(97,000)	-	(97,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(97,000)</u>	<u>97,000</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	178,075	45,523	223,598
<i>Fund Cash Balances, January 1</i>	<u>596,972</u>	<u>87,668</u>	<u>684,640</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 775,047</u>	<u>\$ 133,191</u>	<u>\$ 908,238</u>

See accompanying notes to the financial statements

Village of Ashley
Delaware County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Proprietary Fund Types
For the Year Ended December 31, 2020

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	\$ 442,534
Miscellaneous	834
	<u>443,368</u>
Operating Cash Disbursements	
Personal Services	56,186
Employee Fringe Benefits	25,127
Contractual Services	283,057
Supplies and Materials	16,393
Other	317
	<u>381,080</u>
<i>Total Operating Cash Disbursements</i>	<u>381,080</u>
<i>Operating Income (Loss)</i>	<u>62,288</u>
Non-Operating Receipts (Disbursements)	
Special Assessments	145,882
Other Debt Proceeds	7,410
Capital Outlay	(7,770)
Principal Retirement	(77,552)
Interest and Other Fiscal Charges	(792)
	<u>67,178</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>67,178</u>
<i>Income (Loss) before Transfers</i>	129,466
Transfers In	91,624
Transfers Out	(91,624)
	<u>129,466</u>
<i>Net Change in Fund Cash Balances</i>	129,466
<i>Fund Cash Balances, January 1</i>	<u>473,284</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 602,750</u></u>

See accompanying notes to the financial statements

Village of Ashley
Delaware County
Statement of Additions, Deductions,
and Changes in Fund Balances (Regulatory Cash Basis)
Fiduciary Fund Type
For the Year Ended December 31, 2020

	Fiduciary Fund Type
	Custodial
Additions	
Property and Other Local Taxes Collected for Distribution	\$ 20,916
Intergovernmental	3,077
<i>Total Additions</i>	23,993
Deductions	
Distributions to Other Governments	399
Other Distributions	23,594
<i>Total Deductions</i>	23,993
<i>Net Change in Fund Balances</i>	-
<i>Fund Cash Balances, January 1</i>	-
<i>Fund Cash Balances, December 31</i>	\$ -

See accompanying notes to the financial statements

Village of Ashley, Ohio
Delaware County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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 6, 9, 10, and 11 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 fund types and a statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types which are all organized on a fund type basis.

Village of Ashley, Ohio
Delaware County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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 custodial 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.

Custodial 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 custodial fund accounts for property taxes collected and disbursed to the Wornstaff Memorial Library and the Ashley Cemetery.

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to the other funds of the entity are identified on the combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds.

Village of Ashley, Ohio
Delaware County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 2 - Summary of Significant Accounting Policies (Continued)

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).

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 custodial funds) be budgeted annually.

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.

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 2020 budgetary activity appears in Note 3.

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.

Village of Ashley, Ohio
Delaware County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 2 - Summary of Significant Accounting Policies (Continued)

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.

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*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 14.

Village of Ashley, Ohio
Delaware County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 3 - Budgetary Activity

Budgetary activity for the years ending December 31, 2020 was as follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$476,145	\$523,152	\$47,007
Special Revenue	317,557	322,402	\$4,845
Enterprise	688,124	688,284	\$160
Custodial	23,077	23,993	\$916
Total	\$1,504,903	\$1,557,831	\$52,928

2020 Budgeted vs. Actual Budgetary Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$386,260	\$346,888	\$39,372
Special Revenue	336,839	284,392	\$52,447
Enterprise	660,047	563,271	\$96,776
Custodial	23,000	23,993	(\$993)
Total	\$1,406,146	\$1,218,544	\$187,602

Note 4 – Deposits

The Village maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31, 2020 was as follows:

	2020
Demand deposits	\$1,510,988

Deposits

Deposits are insured by the Federal Depository Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Village of Ashley, Ohio
Delaware County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 5 – 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. The Village utilizes the Regional Income Tax Agency as a collection agency for the Village income taxes.

Note 6 - Risk Management

Risk Pool Membership

Ohio Plan Risk Management, Inc.

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (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.

Village of Ashley, Ohio
Delaware County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 6 - Risk Management (Continued)

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, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 776 members as of December 31, 2019.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2019 (latest information available).

Assets	\$ 15,920,504
Liabilities	<u>(11,329,011)</u>
Members' Equity	<u>\$ 4,591,493</u>

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

Note 7- 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, 2020.

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 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2020.

Social Security

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

Village of Ashley, Ohio
Delaware County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 7- Defined Benefit Pension Plans (Continued)

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, 2020.

Note 8 – Debt

Debt outstanding at December 31, 2020
was as follows:

	Principal	Interest Rate
OPWC Loan (CQ07T)	307,706	0.00%
OPWC Loan (CQ20K)	276,994	0.00%
OPWC Loan (CQ27D)	6,000	0.00%
OPWC Loan (CQ32A)	4,838	0.00%
OPWC Loan (CQ47U)	394,271	0.00%
OWDA Loan (7870)	525,193	0.00% *
FCB Water Tower Loan	15,748	3.50%
Total	\$1,530,750	

* Loan not closed yet.

The Ohio Public Works Commission (OPWC) loans were issued for a wastewater treatment plant upgrade, a storm sewer improvement, a sewer collection system and new waterlines on West side of the village. 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) loan was 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. This loan has not yet closed out and an amortization schedule is not available, therefore, this loan is not included in the amortization table below.

On March 24, 2017, the Village entered into a loan agreement with First Commonwealth Bank (FCB) for \$59,000 with an interest rate of 3.50% for the Village's Water Tower Project. Principal and interest payments are due in monthly installments of \$1,075 for 60 months ending on March 24, 2022.

Village of Ashley, Ohio
Delaware County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 8– Debt (Continued)

Amortization

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

Year ending December 31:	<u>OPWC Loans</u>	<u>FCB Loans</u>
2021	\$25,750	\$12,897
2022	41,825	3,225
2023	40,325	0
2024	38,825	0
2025	38,825	0
2026-2030	194,126	0
2031-2035	194,126	0
2036-2040	179,153	0
2041-2045	119,262	0
2046-2050	112,464	0
2051	5,128	0
Total	<u>\$989,809</u>	<u>\$16,122</u>

Note 9 – 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.

Note 10 – 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 11 – 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.

Village of Ashley, Ohio
Delaware County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 12 - COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. The impact on the Village’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Note 13 - Changes in Accounting Principle

For 2020, the Village made a change to their cash basis reporting model. This change includes removing the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types.

Note 14 – Fund Balances

Included in fund balances are amounts the Village cannot spend. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	1,811	7,513	9,324
<i>Total</i>	<u>\$1,811</u>	<u>\$7,513</u>	<u>\$9,324</u>

The fund balance of special revenue funds is either restricted or committed. These restricted, committed and assigned amounts in the special revenue funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 15 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2020. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Village of Ashley, Ohio
Delaware County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 16 – Noncompliance

The Village was in noncompliance with the following:

- Ohio Revised Code Section 5705.36 for not timely requesting amended certificates throughout the year, as well as not certifying the correct beginning unencumbered fund balances with the County Budget Commission.
- Ohio Revised Code Section 5705.39 for having appropriations in excess of Estimated Resources.
- Ohio Revised Code 5705.36(A)(4) for having appropriations that were greater than actual resources.

Village of Ashley
Delaware County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2019

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$ 98,031	\$ 121,761	\$ 219,792
Municipal Income Tax	207,304	-	207,304
Intergovernmental	41,840	89,331	131,171
Charges for Services	104,649	6,097	110,746
Fines, Licenses and Permits	8,951	492	9,443
Earnings on Investments	14,827	-	14,827
Miscellaneous	3,182	8,766	11,948
<i>Total Cash Receipts</i>	<u>478,784</u>	<u>226,447</u>	<u>705,231</u>
Cash Disbursements			
Current:			
Security of Persons and Property	-	144,609	144,609
Public Health Services	-	11,235	11,235
Leisure Time Activities	-	66,350	66,350
Basic Utility Services	99,223	-	99,223
Transportation	-	98,264	98,264
General Government	126,115	28,938	155,053
Debt Service:			
Principal Retirement	7,644	4,044	11,688
Interest and Fiscal Charges	651	5	656
<i>Total Cash Disbursements</i>	<u>233,633</u>	<u>353,445</u>	<u>587,078</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>245,151</u>	<u>(126,998)</u>	<u>118,153</u>
Other Financing Receipts (Disbursements)			
Transfers In	-	74,000	74,000
Transfers Out	(74,000)	-	(74,000)
Other Financing Uses	(86)	-	(86)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(74,086)</u>	<u>74,000</u>	<u>(86)</u>
<i>Net Change in Fund Cash Balances</i>	171,065	(52,998)	118,067
<i>Fund Cash Balances, January 1</i>	<u>425,907</u>	<u>140,666</u>	<u>566,573</u>
Restricted	-	87,668	87,668
Assigned	264	-	264
Unassigned	596,708	-	596,708
<i>Fund Cash Balances, December 31</i>	<u>\$ 596,972</u>	<u>\$ 87,668</u>	<u>\$ 684,640</u>

See accompanying notes to the financial statements

Village of Ashley
Delaware County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Proprietary and Similar Fiduciary Fund Types
For the Year Ended December 31, 2019

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Custodial	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$ 440,346	\$ -	\$ 440,346
Miscellaneous	2,667	-	2,667
<i>Total Operating Cash Receipts</i>	<u>443,013</u>	<u>-</u>	<u>443,013</u>
Operating Cash Disbursements			
Personal Services	56,377	-	56,377
Employee Fringe Benefits	23,815	-	23,815
Contractual Services	398,580	23,276	421,856
Supplies and Materials	12,198	-	12,198
Other	262	-	262
<i>Total Operating Cash Disbursements</i>	<u>491,232</u>	<u>23,276</u>	<u>514,508</u>
<i>Operating Income (Loss)</i>	<u>(48,219)</u>	<u>(23,276)</u>	<u>(71,495)</u>
Non-Operating Receipts (Disbursements)			
Property and Other Local Taxes	-	20,146	20,146
Intergovernmental	7,000	3,130	10,130
Special Assessments	91,862	-	91,862
Other Debt Proceeds	140,783	-	140,783
Capital Outlay	(148,246)	-	(148,246)
Principal Retirement	(53,455)	-	(53,455)
Interest and Other Fiscal Charges	(1,170)	-	(1,170)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>36,774</u>	<u>23,276</u>	<u>60,050</u>
<i>Income (Loss) before Transfers</i>	(11,445)	-	(11,445)
Transfers In	171,120	-	171,120
Transfers Out	(171,120)	-	(171,120)
<i>Net Change in Fund Cash Balances</i>	(11,445)	-	(11,445)
<i>Fund Cash Balances, January 1</i>	<u>484,729</u>	<u>-</u>	<u>484,729</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 473,284</u>	<u>\$ -</u>	<u>\$ 473,284</u>

See accompanying notes to the financial statements

Village of Ashley, Ohio
Delaware County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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, public entity risk pools, and is associated with a related organization. Notes 6, 9, 10, and 11 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 Year Ended December 31, 2019

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.

WWTP Project Fund This fund receives Ohio Water Development Authority revenues for projects related to the waste water treatment plant.

Fiduciary Funds Fiduciary funds include private purpose trust funds and custodial 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.

Custodial 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 custodial fund accounts for property taxes collected and disbursed to the Wornstaff Memorial Library and the Ashley Cemetery.

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 Year Ended December 31, 2019

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 custodial funds) be budgeted annually.

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.

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 2019 budgetary activity appears in Note 3.

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 Year Ended December 31, 2019

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 - Budgetary Activity

Budgetary activity for the years ending December 31, 2019 was as follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$463,982	\$478,784	\$14,802
Special Revenue	307,892	300,447	(7,445)
Enterprise	795,321	853,778	58,457
Custodial	23,851	23,276	(575)
Total	<u>\$1,591,046</u>	<u>\$1,656,285</u>	<u>\$65,239</u>

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$353,977	\$307,983	\$45,994
Special Revenue	408,749	354,813	53,936
Enterprise	957,378	865,223	92,155
Custodial	23,851	23,276	575
Total	<u>\$1,743,955</u>	<u>\$1,551,295</u>	<u>\$192,660</u>

Village of Ashley, Ohio
Delaware County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 4 – Deposits

The Village maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31, 2019 was as follows:

	<u>2019</u>
Demand deposits	\$1,157,924

Deposits

Deposits are insured by the Federal Depository Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Note 5 – 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. The Village utilizes the Regional Income Tax Agency as a collection agency for the Village income taxes.

Village of Ashley, Ohio
Delaware County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 6 - Risk Management

Risk Pool Membership

Ohio Plan Risk Management, Inc.

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (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, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 776 members as of December 31, 2019.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2019.

Assets	\$ 15,920,504
Liabilities	<u>(11,329,011)</u>
Members' Equity	<u>\$ 4,591,493</u>

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

Note 7- 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, 2019.

Village of Ashley, Ohio
Delaware County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 7- Defined Benefit Pension Plans (Continued)

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 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members’ wages. The Village has paid all contributions required through December 31, 2019.

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, 2019.

Note 8 – Debt

Debt outstanding at December 31, 2019 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OPWC Loan (CQ07T)	300,296	0.00% *
OPWC Loan (CQ20K)	291,967	0.00%
OPWC Loan (CQ27D)	9,000	0.00%
OPWC Loan (CQ32A)	9,675	0.00%
OPWC Loan (CQ47U)	407,867	0.00%
OWDA Loan (7870)	557,233	0.00% *
FCB Water Tower Loan	27,849	3.50%
Total	<u>\$1,603,887</u>	

* Loan not closed yet.

The Ohio Public Works Commission (OPWC) loans were issued for a wastewater treatment plant upgrade, a storm sewer improvement, a sewer collection system and new waterlines on West side of the village. Payments are due semiannually each year. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements. Loan CQ07T has not yet closed out and amortization schedule is not available, therefore, this loan is not included in the amortization table below.

The Ohio Water Development Authority (OWDA) loan was 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. This loan has not yet closed out and an amortization schedule is not available, therefore, this loan is not included in the amortization table below.

On March 24, 2017, the Village entered into a loan agreement with First Commonwealth Bank (FCB) for \$59,000 with an interest rate of 3.50% for the Village’s Water Tower Project. Principal and interest payments are due in monthly installments of \$1,075 for 60 months ending on March 24, 2022.

Village of Ashley, Ohio
Delaware County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 8– Debt (Continued)

Amortization

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

Year ending December 31:	<u>OPWC Loans</u>	<u>FCB Loans</u>
2020	\$20,622	\$12,897
2021	36,406	12,897
2022	31,568	3,225
2023	30,068	0
2024	28,568	0
2025-2029	142,841	0
2030-2034	142,841	0
2035-2039	142,841	0
2040-2044	67,978	0
2045-2049	67,978	0
2050-2051	6,798	0
	<u>\$718,509</u>	<u>\$29,019</u>

Note 9 – 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.

Note 10 – 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 11 – 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.

Village of Ashley, Ohio
Delaware County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 12 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2019. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Note 13 – Noncompliance

The Village was in noncompliance with the following:

- Ohio Revised Code Section 5705.36 for not timely requesting amended certificates throughout the year, as well as not certifying the correct beginning unencumbered fund balances with the County Budget Commission.
- Ohio Revised Code Section 5705.39 for having appropriations in excess of Estimated Resources.

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed in Accordance with
*Government Auditing Standards***

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

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total of the Village of Ashley, Delaware County, Ohio, as of and for the year ended December 31, 2020, and for each governmental, proprietary, and fiduciary fund type as of and for the year ended December 31, 2019, and the related notes to the financial statements, and have issued our report thereon dated June 25, 2021, wherein we noted as described in Note 2 to the financial statements, the Village of Ashley followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Furthermore, as discussed in Note 12 to the financial statements for the year ended December 31, 2020, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village of Ashley. Additionally, as described in Note 13 to the financial statements for the year ended December 31, 2020, the Village of Ashley adopted a change in accounting principle and removed the fund balance classifications from the Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village of Ashley's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Ashley's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village of Ashley's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Village of Ashley's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2020-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Ashley's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2020-002 through 2020-004.

Village of Ashley's Responses 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. The Village of Ashley's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village of Ashley's internal control or on compliance. This report is an integral part of an audit performed in accordance with *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 25, 2021

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2020 AND 2019**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2020-001

Material Weakness - Financial Statement Presentation

Management is responsible for preparing complete and accurate financial statements in accordance with the applicable financial reporting framework. Control and monitoring activities typically associated with the period-end financial reporting process include reviewing and approving manual journal entries, consolidating entries, and any entries that are recorded directly to the financial statements. For the Village, this could also include reviewing the year-end UAN reports to ensure activity is reported in the correct line items, all on-behalf activity is included.

Adjustments were made to the financial statements to properly record significant transactions during the audit period.

- During 2019, the Village improperly recorded \$123,326 of on-behalf payments from the Ohio Water Development Authority as intergovernmental receipts in the Enterprise Funds. These amounts should have been recorded Other Debt Proceeds.
- During 2019, the Village improperly recorded \$7,537 of Ohio Public Works Commission disbursements in their accounting system as intergovernmental receipts and failed to record \$9,920 of Ohio Public Works Commission on-behalf payments in the Enterprise Funds. The Village should have recorded \$17,457 as Other Debt Proceeds and \$9,920 as Capital Outlay.
- During 2019, the Village improperly recorded \$596,708 as an Assigned fund balance in the General Fund. This amount should have been recorded as an Unassigned fund balance.
- During 2020, the Village failed to record \$7,410 of on-behalf payments from the Ohio Public Works Commission in the Enterprise Funds. The Village should have recorded \$7,410 in Capital Outlay and \$7,410 as Other Debt Proceeds.
- During 2020, the Village improperly recorded \$3,000 of Ohio Public Works Commission payments as Capital Outlay in the Special revenue Funds. These amounts should have been recorded as principal retirement.

The financial statements and notes have been adjusted to properly report the activity.

A lack of proper policies and procedures for control and monitoring activities associated with the period-end financial reporting process could lead to financial statement and note disclosure adjustments, which if uncorrected, could lead to a misrepresentation of the Village's activity.

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2020 AND 2019**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2020-001 – (Continued)

We recommend the Village design and implement additional procedures to facilitate more accurate and detailed financial reporting. The Village should consider having an outside third-party, or Council member with financial experience, review the financial report prior to filing in the Hinkle System. Further, the Village should reach out to its auditor throughout the year if questions arise on how to properly account for receipts or disbursements.

Client Response: The Village will closely monitor all transactions to ensure accurate financial reporting in the future.

Finding Number	2020-002
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Noncompliance

Ohio Revised Code Section 5705.36, in part, requires Fiscal Officers to certify to the County Auditor the total amount from all sources which are available for expenditures from each fund in the tax budget along with any unencumbered balances that existed at the end of the preceding year. Furthermore, it requires subdivisions to request increased or reduced amended certificates of estimated resources upon determination by the fiscal officer that revenue to be collected be greater or less than the amount in the last certified amended certificate.

The Village did not request enough amended certificates throughout the years ended December 31, 2020 and 2019, upon notice of increased or decreased resources. Furthermore, the Village did not certify the correct beginning unencumbered fund balances as of the beginning of the year.

By not accurately certifying beginning unencumbered balances and timely amending its certificate of estimated resources to the County Auditor, the Village is basing appropriation and expenditure decisions on outdated information.

We recommend the Village consult the Ohio Compliance Supplement, the Village’s Manual and its auditors to ensure that Village fund balances agree to audited reports. We further recommend the Village certify its available sources at year end and file amended certificates as necessary throughout the year. This will facilitate the Village’s appropriation process.

Client Response: The Village is attempting to monitor the budget more closely.

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2020 AND 2019**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2020-003

Noncompliance

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

The Village had appropriations in excess of estimated resources for the year ending December 31, 2019 in the following fund:

<u>Fund Type/Fund</u>	<u>Resources</u>	<u>Appropriations</u>	<u>Excess</u>
<u>Special Revenue Funds:</u>			
State Highway Fund	\$ 5,181	\$ 5,405	\$ 224
Cemetery Fund	11,779	12,729	950
Parks and Recreation Fund	47,966	51,740	3,774
<u>Enterprise Funds:</u>			
WWTP Project Fund	105,121	138,326	33,205
Water Tower Project	109,936	118,500	8,564
DCB Water Tower Loan Fund	13,130	13,997	867

The Village had appropriations in excess of estimated resources for the year ending December 31, 2020 in the following fund:

<u>Fund Type/Fund</u>	<u>Resources</u>	<u>Appropriations</u>	<u>Excess</u>
<u>Special Revenue Fund:</u>			
Police Levy Fund	157,346	173,071	\$ 15,725

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

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

Client Response: The Village will continue to attempt to modify appropriations and amended certificates in an efficient and accurate manner.

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2020 AND 2019**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2020-004

Noncompliance

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

The Village had appropriations that were greater than actual resources for the year ending December 31, 2020 in the following fund:

<u>Fund Type/Fund</u>	<u>Actual Resources</u>	<u>Appropriations</u>	<u>Excess</u>
<u>Special Revenue Fund:</u>			
Polcie Levy Fund	\$ 160,881	\$ 173,071	\$ 12,190

By appropriating more funds than actual resources, the Village is at risk of spending more money than 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 will monitor appropriations and amend when necessary.

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2020 AND 2019**

<u>Finding Number</u>	<u>Year Initially Occurred</u>	<u>Finding Summary</u>	<u>Status</u>	<u>Additional Information</u>
2018-001	2007	<u>Material Weakness – Financial Statement Presentation</u> – 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 and related notes.	Not Corrected	Repeated as Finding 2020-001.
2018-002	2015	<u>Noncompliance/Material Weakness</u> – 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 year. The Village did not timely or accurately amended its certificate of estimated resources.	Partially Corrected	Repeated as Noncompliance Finding 2020-002.
2018-003	2013	<u>Noncompliance/Material Weakness</u> – Ohio Revised Code Section 5705.39 requires that a subdivision’s total appropriations from each fund should not exceed total estimated resources. The Village had appropriations in excess of estimated resources in certain funds.	Partially Corrected	Repeated as Noncompliance Finding 2020-003.
2018-004	2015	<u>Noncompliance/Material Weakness</u> – 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. Certain funds had appropriations in excess of actual resources.	Partially Corrected	Repeated as Noncompliance Finding 2020-004.

**VILLAGE OF ASHLEY
DELAWARE COUNTY, OHIO**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2020 AND 2019**

<u>Finding Number</u>	<u>Year Initially Occurred</u>	<u>Finding Summary</u>	<u>Status</u>	<u>Additional Information</u>
2018-005	2017	<u>Noncompliance/Material Weakness</u> – Ohio Revised Code Section 5705.41(D) requires that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the Fiscal Officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. The Village had 41.67% of expenditures that were not timely certified.	Fully Corrected	N/A
2018-006	2017	<u>Noncompliance/Material Weakness</u> – 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 timely approved by the Village Council.	Fully Corrected	N/A

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OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF ASHLEY

DELAWARE COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 7/22/2021

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