



Dave Yost • Auditor of State

VILLAGE OF COLLEGE CORNER
PREBLE COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Village of College Corner
Preble County
10596 Camden College Corner Road
P.O. Box 462
College Corner, Ohio 45003

To the Mayor and Village Council:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2015 and 2014, or changes in financial position 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 College Corner, Preble County as of December 31, 2015 and 2014, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2017, on our consideration of the Village'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's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

February 6, 2017

Village of College Corner, Ohio
Preble County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2015

| | General | Special Revenue | Totals (Memorandum Only) |
|---|------------------|--------------------|--------------------------------|
| Cash Receipts | | | |
| Property and Other Local Taxes | \$15,848 | \$37,540 | \$53,388 |
| Intergovernmental | 23,442 | 23,612 | 47,054 |
| Charges for Services | 21,999 | 0 | 21,999 |
| Fines, Licenses and Permits | 2,733 | 0 | 2,733 |
| Earnings on Investments | 371 | 66 | 437 |
| Miscellaneous | 0 | 238 | 238 |
| <i>Total Cash Receipts</i> | <u>64,393</u> | <u>61,456</u> | <u>125,849</u> |
| Cash Disbursements | | | |
| Current: | | | |
| Security of Persons and Property | 21,079 | 28,738 | 49,817 |
| Transportation | 0 | 9,913 | 9,913 |
| General Government | 22,791 | 200 | 22,991 |
| <i>Total Cash Disbursements</i> | <u>43,870</u> | <u>38,851</u> | <u>82,721</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>20,523</u> | <u>22,605</u> | <u>43,128</u> |
| Other Financing Receipts (Disbursements) | | | |
| Other Financing Uses | (464) | 0 | (464) |
| <i>Total Other Financing Receipts (Disbursements)</i> | <u>(464)</u> | <u>0</u> | <u>(464)</u> |
| <i>Net Change in Fund Cash Balances</i> | 20,059 | 22,605 | 42,664 |
| <i>Fund Cash Balances, January 1</i> | <u>113,012</u> | <u>130,592</u> | <u>243,604</u> |
| Fund Cash Balances, December 31 | | | |
| Restricted | 0 | 153,197 | 153,197 |
| Assigned | 133,071 | 0 | 133,071 |
| <i>Fund Cash Balances, December 31</i> | <u>\$133,071</u> | <u>\$153,197</u> | <u>\$286,268</u> |

The notes to the financial statements are an integral part of this statement.

Village of College Corner, Ohio
Preble County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Cash Basis)
Enterprise Funds
For the Year Ended December 31, 2015

| | |
|---|-------------------------|
| Operating Cash Receipts | |
| Charges for Services | \$149,650 |
| Miscellaneous | <u>1,440</u> |
| <i>Total Operating Cash Receipts</i> | <u>151,090</u> |
| Operating Cash Disbursements | |
| Personal Services | 20,757 |
| Employee Fringe Benefits | 3,246 |
| Contractual Services | 59,726 |
| Supplies and Materials | <u>11,399</u> |
| <i>Total Operating Cash Disbursements</i> | <u>95,128</u> |
| <i>Operating Income (Loss)</i> | <u>55,962</u> |
| Non-Operating Receipts (Disbursements) | |
| Capital Outlay | (4,875) |
| <i>Total Non-Operating Receipts (Disbursements)</i> | <u>(4,875)</u> |
| <i>Net Change in Fund Cash Balances</i> | 51,087 |
| <i>Fund Cash Balances, January 1</i> | <u>560,002</u> |
| <i>Fund Cash Balances, December 31</i> | <u><u>\$611,089</u></u> |

The notes to the financial statements are an integral part of this statement.

Village of College Corner, Ohio*Preble County**Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Cash Basis)**All Governmental Fund Types**For the Year Ended December 31, 2014*

| | General | Special Revenue | Totals (Memorandum Only) |
|---|------------------|--------------------|--------------------------------|
| Cash Receipts | | | |
| Property and Other Local Taxes | \$18,489 | \$45,330 | \$63,819 |
| Intergovernmental | 19,184 | 22,877 | 42,061 |
| Charges for Services | 22,000 | 0 | 22,000 |
| Fines, Licenses and Permits | 4,583 | 0 | 4,583 |
| Earnings on Investments | 338 | 60 | 398 |
| Miscellaneous | 0 | 257 | 257 |
| <i>Total Cash Receipts</i> | <u>64,594</u> | <u>68,524</u> | <u>133,118</u> |
| Cash Disbursements | | | |
| Current: | | | |
| Security of Persons and Property | 17,684 | 29,846 | 47,530 |
| Transportation | 0 | 14,367 | 14,367 |
| General Government | 27,485 | 133 | 27,618 |
| <i>Total Cash Disbursements</i> | <u>45,169</u> | <u>44,346</u> | <u>89,515</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>19,425</u> | <u>24,178</u> | <u>43,603</u> |
| Other Financing Receipts (Disbursements) | | | |
| Other Financing Uses | <u>(1,346)</u> | <u>0</u> | <u>(1,346)</u> |
| <i>Total Other Financing Receipts (Disbursements)</i> | <u>(1,346)</u> | <u>0</u> | <u>(1,346)</u> |
| <i>Net Change in Fund Cash Balances</i> | 18,079 | 24,178 | 42,257 |
| <i>Fund Cash Balances, January 1</i> | <u>94,933</u> | <u>106,414</u> | <u>201,347</u> |
| Fund Cash Balances, December 31 | | | |
| Restricted | 0 | 130,592 | 130,592 |
| Assigned | 84,324 | 0 | 84,324 |
| Unassigned (Deficit) | <u>28,688</u> | <u>0</u> | <u>28,688</u> |
| <i>Fund Cash Balances, December 31</i> | <u>\$113,012</u> | <u>\$130,592</u> | <u>\$243,604</u> |

The notes to the financial statements are an integral part of this statement.

Village of College Corner, Ohio
Preble County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Cash Basis)
Enterprise Funds
For the Year Ended December 31, 2014

| | |
|---|-------------------------|
| Operating Cash Receipts | |
| Charges for Services | \$144,630 |
| Miscellaneous | <u>1,440</u> |
| <i>Total Operating Cash Receipts</i> | <u>146,070</u> |
| Operating Cash Disbursements | |
| Personal Services | 19,997 |
| Employee Fringe Benefits | 3,185 |
| Contractual Services | 64,436 |
| Supplies and Materials | <u>21,104</u> |
| <i>Total Operating Cash Disbursements</i> | <u>108,722</u> |
| <i>Operating Income (Loss)</i> | <u>37,348</u> |
| Non-Operating Receipts (Disbursements) | |
| Capital Outlay | (9,450) |
| <i>Total Non-Operating Receipts (Disbursements)</i> | <u>(9,450)</u> |
| <i>Net Change in Fund Cash Balances</i> | 27,898 |
| <i>Fund Cash Balances, January 1</i> | <u>532,104</u> |
| <i>Fund Cash Balances, December 31</i> | <u><u>\$560,002</u></u> |

The notes to the financial statements are an integral part of this statement.

Village of College Corner, Ohio
Preble County
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 1 - Reporting Entity

The Village of College Corner (the Village), Preble 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 and sewer utilities, park operations, and police services. The Village contracts with the Butler County Sheriff's department to provide security of persons and property. The Village contracts with the Village of West College Corner to receive fire protection services.

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 (cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (cash basis) for all proprietary fund types which are organized on a fund type basis.

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 The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Fire Fund – The fire fund accounts for and reports real estate and personal property taxes to provide fire protection of its citizens.

Other Special Revenue - The other special revenue fund accounts for and reports real estate and personal property taxes to provide police protection of its citizens.

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:

Village of College Corner, Ohio
Preble County
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

Water Fund The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

Sewer Fund The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

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 Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting 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 be budgeted annually.

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

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 canceled, and reappropriated in the subsequent year.

A summary of 2015 and 2014 budgetary activity appears in Note 3.

Deposits and Investments

The Village has interest-bearing checking and savings accounts.

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.

Village of College Corner, Ohio
Preble County
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

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*. 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, 2015 and 2014 follows:

| 2015 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|----------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$62,089 | \$64,393 | \$2,304 |
| Special Revenue | 59,360 | 61,456 | 2,096 |
| Enterprise | 145,400 | 151,090 | 5,690 |
| Total | \$266,849 | \$276,939 | \$10,090 |

Village of College Corner, Ohio
Preble County
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

2015 Budgeted vs. Actual Budgetary Basis Expenditures

| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
|-----------------|----------------------------|---------------------------|------------------|
| General | \$108,399 | \$44,334 | \$64,065 |
| Special Revenue | 129,965 | 38,851 | 91,114 |
| Enterprise | 322,700 | 100,003 | 222,697 |
| Total | <u>\$561,064</u> | <u>\$183,188</u> | <u>\$377,876</u> |

2014 Budgeted vs. Actual Receipts

| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
|-----------------|----------------------|--------------------|-----------------|
| General | \$56,087 | \$64,594 | \$8,507 |
| Special Revenue | 58,455 | 68,524 | 10,069 |
| Enterprise | 145,440 | 146,070 | 630 |
| Total | <u>\$259,982</u> | <u>\$279,188</u> | <u>\$19,206</u> |

2014 Budgeted vs. Actual Budgetary Basis Expenditures

| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
|-----------------|----------------------------|---------------------------|------------------|
| General | \$100,642 | \$46,515 | \$54,127 |
| Special Revenue | 123,200 | 44,346 | 78,854 |
| Enterprise | 500,340 | 118,172 | 382,168 |
| Total | <u>\$724,182</u> | <u>\$209,033</u> | <u>\$515,149</u> |

Note 4 – Deposits and Investments

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

| | | |
|--|------------------|------------------|
| | 2015 | 2014 |
| Demand deposits | <u>\$892,423</u> | <u>\$798,678</u> |
| Other time deposits (savings accounts) | 4,934 | 4,928 |
| Total deposits | <u>\$897,357</u> | <u>\$803,606</u> |

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

Village of College Corner, Ohio
Preble County
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

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.

Note 6 - Risk Management

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Most 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. 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, 2015.

Social Security

Some of the Village's 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, 2015.

Village of College Corner, Ohio
Preble County
Notes to the Financial Statements
For the Years Ended December 31, 2015 and 2014

Note 8 - Postemployment Benefits

OPERS offers 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 of both the traditional pension and the combined plans. OPERS contributes 2 percent of the employer contribution to fund these benefits, and OP&F contributes 0.5 percent to fund these benefits.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Village of College Corner
Preble County
10596 Camden College Corner Road
P.O. Box 462
College Corner, Ohio 45003

To the Mayor and Village Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of College Corner, Preble County, Ohio, (the Village) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated February 6, 2017 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or 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's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2015-001 and 2015-002 to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

February 6, 2017

**VILLAGE OF COLLEGE CORNER
PREBLE COUNTY**

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

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

FINDING NUMBER 2015-001

Material Weakness – Financial Statement Misstatements

When designing the public office's system of internal control and the specific control activities, management should consider ensuring that accounting records are properly designed, verifying the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records, and performing analytical procedures to determine the reasonableness of financial data.

In 2014 the Village made the following posting errors:

- Homestead/rollback receipts were incorrectly posted as follows: General Fund Taxes was overstated by \$1,444; Fire Fund Intergovernmental was overstated by \$242; General Fund Intergovernmental was understated by \$951; and Police Fund Intergovernmental was understated by \$735.
- \$11,862 of property taxes was posted to Fire Fund Intergovernmental Revenue instead of Taxes.
- \$33,465 of property taxes was posted to Police Fund Intergovernmental Revenue instead of Taxes.
- \$367 of gasoline tax monies was posted to State Highway Fund Intergovernmental Revenue instead of Street Fund Intergovernmental Revenue.

In 2015 the Village made the following posting errors:

- \$3,295 of local government funds and homestead/rollback receipts were posted to General Fund Taxes instead of Intergovernmental Revenue.
- \$10,784 of property taxes was posted to Fire Fund Intergovernmental Revenue instead of Taxes.
- \$26,756 of property taxes was posted to Police Fund Intergovernmental Revenue instead of Taxes.
- Liquor permit fees of \$547 were posted to Street Fund Intergovernmental Revenue and \$44 to State Highway Fund Intergovernmental Revenue instead of \$591 to General Fund Intergovernmental Revenue.

The Village posted adjustments to the accompanying financial statements and Village accounting records, where appropriate, for the above items.

Failure to properly post receipts can result in inaccurate records and financial statements, which increases the risk that errors, theft, or fraud could occur and not be detected in a timely manner. Receipts should be properly posted. Receipts posted to the ledgers should be reviewed by Council for accuracy. Comparisons between years may aid in the determination if a transaction has been properly posted.

FINDING NUMBER 2015-002

Material Weakness – GASB 54

The Village presented its 2015 and 2014 financial statements in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. The following errors were noted:

- Governmental Accounting Standards Board (GASB) Statement No. 54 par. 16 (GASB Codification 1800.176), Fund Balance Reporting and Governmental Fund Type Definitions requires that when the appropriation measure is adopted for the subsequent year, if a portion of existing fund balance is included as a budgetary resource, then that portion of fund balance should be classified as assigned. Stated differently, if appropriations (temporary or annual) exceed estimated receipts (not resources), the excess is to be assigned as it uses existing fund balance at year end. This would be applicable to the general fund as it is the only fund with a positive unassigned fund balance. The Village did not include the \$132,972 excess of 2016 appropriations over estimated receipts as assigned fund balance in the General Fund for 2015. The Village did not include the \$46,310 excess of 2015 appropriations over estimated receipts as assigned fund balance in the General Fund for 2014.

Adjustments to correct the error above are reflected in the financial statements and notes.

When fund balances are not accurately classified, Village officials and management do not have accurate information as to the amount of fund balances that are restricted or committed for specific purposes. The Village should develop and implement procedures to ensure accurate accounting for year-end fund balances. The Village should also review Auditor of State Bulletin 2011-004 for guidelines in classifying fund balances in accordance with GASB Statement Number 54.

Officials' Response:

We did not receive a response from Officials to the findings reported above.

**VILLAGE OF COLLEGE CORNER
PREBLE COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2015 AND 2014**

| Finding Number | Finding Summary | Status | Additional Information |
|-----------------------|---|-----------------|---|
| 2013-001 | Ohio Rev Code Section 5705.09(F), failure to establish a special revenue fund, Ohio Rev Code Section 5705.40, failure to pass a resolution amending its appropriation measure. Failure to record on behalf Community Development Block Grant funds. | Fully Corrected | |
| 2013-002 | Failure to properly post estimated receipts to the accounting system. | Fully Corrected | |
| 2013-003 | Lack of management oversight in posting financial activity. Finding initially appeared as Finding Number 2007-002. | Not Corrected | Reissued as Finding 2015-001 Village Officials will review the Village Officer's Handbook to ensure we are posting revenue correctly. |
| 2013-004 | Failure to meet the requirements of GASB Statement No. 54. | Not Corrected | Reissued as Finding 2015-002 Village Officials will review Auditor of State Bulletin 2011-004 to ensure we are posting fund balances correctly. |

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Dave Yost • Auditor of State

VILLAGE OF COLLEGE CORNER

PREBLE 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
MARCH 16, 2017