



Dave Yost • Auditor of State





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## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Village of College Corner  
Preble County  
10596 Camden College Corner Road  
PO Box 462  
College Corner, Ohio 45003

We have performed the procedures enumerated below, which were agreed to by the Village Council, Mayor and the management of the Village of College Corner (the Village), on the receipts, disbursements and balances recorded in the Village's cash basis accounting records for the years ended December 31, 2017 and 2016 and certain compliance requirements related to those transactions and balances, included in the information provided to us by the management of the Village. The Village is responsible for the receipts, disbursements and balances recorded in the cash basis accounting records for the years ended December 31, 2017 and 2016 and certain compliance requirements related to these transactions and balances included in the information provided to us by the Village. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

This report only describes exceptions exceeding \$10.

### Cash

1. We recalculated the December 31, 2017 and December 31, 2016 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2016 beginning fund balances recorded in the Cash Summary by Fund Report to the December 31, 2015 balances in documentation in the prior year Agreed-Upon Procedures working papers. We found no exceptions. We also agreed the January 1, 2017 beginning fund balances recorded in the Cash Summary by Fund Report to the December 31, 2016 balances in the Cash Summary by Fund Report. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2017 and 2016 fund cash balances reported in the Fund Status Report. The amounts agreed.
4. We confirmed the December 31, 2017 bank account balance with the Village's financial institution. We found no exceptions. We also agreed the confirmed balance to the amount appearing in the December 31, 2017 bank reconciliation without exception.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2017 bank reconciliation:
  - a. We traced each debit to the subsequent January bank statement. We found no exceptions.
  - b. We traced the amounts and dates to the check register, to determine the debits were dated prior to December 31. There were no exceptions.

### **Property Taxes and Intergovernmental Receipts**

1. We haphazardly selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the *Statement*) for 2017 and one from 2016:
  - a. We traced the gross receipts from the *Statement* to the amount recorded in the Receipt Detail Report. There were no exceptions.
  - b. We inspected the Receipt Detail Report to confirm the receipt was allocated to the proper funds as required by Ohio Rev. Code Sections 5705.05-.06 and 5705.10. We found no exceptions.
  - c. We inspected the Receipt Detail Report to confirm whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We inspected the Receipt Register Report to determine whether it included two real estate tax receipts from both Preble County and Butler County for 2017 and 2016. The Receipt Register Report included the proper number of tax receipts for each year.
3. We haphazardly selected five receipts from the State Distribution Transaction Lists (DTL) from 2017 and five from 2016. We also haphazardly selected five receipts from the Preble County Auditor's Detail Expense Report from 2017 and five from 2016.
  - a. We compared the amount from the above reports to the amount recorded in the Receipt Detail Report. The amounts agreed.
  - b. We inspected the Receipt Detail Report to determine that these receipts were allocated to the proper funds. We found no exceptions.
  - c. We inspected the Receipt Detail Report to determine whether the receipts were recorded in the proper year. We found no exceptions.

### **Water and Sewer Fund Charges for Services Receipts**

1. We obtained the December 31, 2017 and 2016 Total Distributions from the College Corner Water, Sales Sewer, Taxes Auditor Reports submitted by the Southwest Regional Water District, the organization responsible for collecting utility payments on behalf of the Village. We agreed the total gross utilities per year to the Village's Receipt Register Report. The amounts agreed for the fiscal year ending December 31, 2017 for the Water and Sewer Funds, and for the fiscal year ending December 31, 2016 for the Sewer Fund. However, the amount in the Water Fund did not agree for the fiscal year ending December 31, 2016. These receipts were overstated by \$723, due to receipt 143-2016 posted on November 4, 2016. This receipt represented a bank error in which the Fiscal Officer's personal bank account deposit was erroneously deposited into the Village's bank account and was not a charges for services receipt. To correct this bank error, the Village recorded the receipt as a Water Fund charges for services receipt and then issued check 14747 from the Water Fund to the Fiscal Officer on December 23, 2016 in the amount of \$723. As a result, there was no effect on the Water Fund year-end cash balance; however, 2016 Water Fund charges for services receipts and contractual services disbursements were both overstated \$723. The Village Fiscal Officer should have addressed this bank error as a reconciling item on the bank reconciliation while it was being worked out with the bank, or instead of recording the correction as a disbursement, it should have been recorded as a reduction of receipt to avoid overstating receipts and disbursements.
2. We compared the allocation of utility receipts for the years ended December 31, 2017 and 2016 to the Village's funds according to the collections allocation presented by the organization. The allocation agreed with the collections made.

## Debt

1. The prior audit documentation disclosed no debt outstanding as of December 31, 2015.
2. We inquired of management, and inspected the Receipt Register Report and Payment Register Detail Report for evidence of debt issued during 2017 or 2016 or debt payment activity during 2017 or 2016. There were no new debt issuances, nor any debt payment activity during 2017 or 2016.

## Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2017 and one payroll check for five employees from 2016 from the Wage Withholdings Detail Report and:
  - a. We compared the hours and pay rate, or salary recorded in the Wage Withholdings Detail Report to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). No exceptions were found.
  - b. We inspected the fund and account codes to which the check was posted to determine the posting was reasonable based on the employees' duties as documented in the employees' personnel files and time sheets. We found one instance where a Village employee who is employed under both the Village Council as a street department worker and the Board of Public Affairs as a water department worker "misallocated" activities worked on his time sheet by documenting he worked on activities relating to both Boards, when in fact he worked completely on Board of Public Affairs activities. He was paid for the correct total number of hours worked at the correct pay rate out of the correct fund. The Village recognized this error and plans to take steps to assure employees correctly document work performed on the time sheet going forward. The Village should make sure department supervisors approving time sheets verify activities worked are accurate and correct. Failure to do so could result in payroll disbursements being posted to incorrect funds, which could lead to potential future findings for adjustment. We also confirmed the payment was posted to the proper year. We found no exceptions.
2. For any new employees selected in procedure 1 we inspected the employees' personnel files for the following information and compared it with the information used to compute gross and net pay related to this check:
  - a. Name
  - b. Authorized salary or pay rate
  - c. Departments and funds to which the check should be charged
  - d. Retirement system participation and payroll withholding
  - e. Federal, State & Local income tax withholding authorization and withholding
  - f. Any other deduction authorizations (deferred compensation, etc.)

For the employee Brian Woods, his approved pay rate was set at \$20.00 per hour; however, the rate paid per the Wage Detail Report for the pay period November 1, 2016 – November 30, 2016 the pay rate was \$15.00 per hour. The Village should take steps to verify employees are paid at the approved pay rates. We found no other exceptions related to procedures a. – f. above.

**Payroll Cash Disbursements (Continued)**

3. We inspected the last remittance of tax and retirement withholdings for the year ended December 31, 2017 to confirm remittances were timely paid, and if the amounts paid agreed to the amounts withheld, plus the employer's share where applicable, during the final withholding period during 2017. We observed the following:

<b>Withholding (plus employer share, where applicable)</b>	<b>Date Due</b>	<b>Date Paid</b>	<b>Amount Due</b>	<b>Amount Paid</b>
Federal income taxes & Medicare (and social security, for employees not enrolled in pension system)	January 31, 2018	December 27, 2017	\$739	\$739
State income taxes	January 16, 2018	December 27, 2017	\$8	\$8
OPERS retirement	January 30, 2018	December 27, 2017	\$617	\$617

**Non-Payroll Cash Disbursements**

1. We haphazardly selected ten disbursements from the Payment Register Detail Report for the year ended December 31, 2017 and ten from the year ended 2016 and determined whether:
- The disbursements were for a proper public purpose. We found no exceptions.
  - The check number / transaction number, date, payee name and amount recorded on the returned, canceled check, or the bank statement electronic funds transaction, agreed to the check number, date, payee name and amount recorded in the General Ledger and Check Register and to the names and amounts on the supporting invoices. We found no exceptions.
  - The payment was posted to a fund consistent with the restricted purpose for which the fund's cash can be used. We found two instances (check numbers 14520 and 14841) where the Village allocated audit fees and UAN fees but was inconsistent in these allocations. Check number 14520 had audit fees of \$1,107 allocated between the General, Fire, Police, Street, State Highway, Water, and Sewer Funds. Check number 14841 had audit fees of \$164 allocated to the Water Fund only. Both checks also consistently allocated UAN fees of \$762 arbitrarily between the General, Water, and Sewer Funds at 50%, 25%, and 25%, respectively. The Village had not developed a reasonable method for allocating these costs. The Village should follow provisions of Auditor of State Bulletin 2009-011, which provides guidance regarding allocation of the audit fees, and develop and approve a reasonable allocation for audit costs and any other costs. Failure to do so could lead to potential future findings for adjustment.
  - The fiscal officer certified disbursements requiring certification or issued a *Then and Now Certificate*, as required by Ohio Rev. Code Section 5705.41(D). We found no exceptions.

### Compliance – Budgetary

1. We compared the total estimated receipts from the *Amended Official Certificate of Estimated Resources*, required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Revenue Status Report for the General, Street, and Water funds for the years ended December 31, 2017 and 2016. The amounts on the Certificate agreed to the amount recorded in the accounting system except for the General Fund and Street Fund in 2017. The Revenue Status Report recorded budgeted resources for the General Fund of \$211,791 and the Street Fund of \$34,625 for 2017. However, the final Amended Official Certificate of Estimated Resources reflected the General Fund of \$69,260 and the Street Fund \$16,240. The Fiscal Officer should periodically compare amounts recorded in the Revenue Status Report to amounts recorded on the Amended Official Certificate of Estimated Resources to assure they agree. If the amounts do not agree, the Council may be using inaccurate information for budgeting and to monitor spending.
2. We inspected the appropriation measures adopted for 2017 and 2016 to determine whether, for the General, Street, and Water Funds, the Council appropriated separately for “each office, department, and division, and within each, the amount appropriated for personal services,” as is required by Ohio Rev. Code Section 5705.38(C). We found no exceptions.
3. We compared total appropriations required by Ohio Rev. Code Sections 5705.38 and 5705.40, to the amounts recorded in the Appropriation Status Report for 2017 and 2016 for the following funds: General, Street, and Water. There were no funds for which the total appropriations exceed the amounts recorded in the Appropriation Status Report.
4. Ohio Rev. Code Sections 5705.36(A)(5) and 5705.39 prohibits appropriations from exceeding the certified resources. We compared total appropriations to total certified resources for the General, Street, and Water Funds for the years ended December 31, 2017 and 2016. There were no funds for which appropriations exceeded certified resources.
5. Ohio Rev. Code Section 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total appropriations for the years ended December 31, 2017 and 2016 for the General, Street, and Water Funds, as recorded in the Appropriation Status Report. We observed no funds for which expenditures exceeded appropriations.
6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We inspected the Receipt Register Report for evidence of new restricted receipts requiring a new fund during December 31, 2017 and 2016. We also inquired of management regarding whether the Village received new restricted receipts. We observed no evidence of new restricted receipts for which Ohio Rev. Code Section 5705.09 would require the Village to establish a new fund.
7. For funds existing in prior years, we inspected the fund activity to determine whether the fund is still being used for the statutorily approved purpose and that all the required funds were established. All the required funds were established and no funds for which the statutorily approved purpose was no longer valid were included on the accounting records.
8. We inspected the 2017 and 2016 Interfund Transfers Report and Appropriation Status Report for evidence of interfund transfers exceeding \$500 which Ohio Rev. Code Sections 5705.14 - .16 restrict. We found no evidence of transfers these Sections prohibit, or for which Section 5705.16 would require approval by the Tax Commissioner (effective after June 30, 2017) or Court of Common Pleas (effective through June 30, 2017).

### **Compliance – Budgetary (Continued)**

9. We inquired of management and inspected the Appropriation Status Reports to determine whether the Village elected to establish reserve accounts permitted by Ohio Rev. Code Section 5705.13. The Village did not establish these reserves.
10. We inspected the Fund Listing Report for the years ended December 31, 2017 and 2016 for negative cash fund balance. Ohio Rev. Code Section 5705.10(l) provides that money paid into a fund must be used for the purposes for which such fund is established. As a result, a negative fund cash balance indicates that money from one fund was used to cover the expenses of another. There were no funds having negative cash fund balances.

### **Compliance – Contracts & Expenditures**

We inquired of management and inspected the Payment Register Detail Report for the years ended December 31, 2017 and 2016 to determine if the Village proceeded by force account (i.e. used its own employees) to maintain or repair roads (cost of project exceeding \$30,000) or to construct or reconstruct Village roads (cost of project \$30,000/per mile) for which Ohio Rev. Code Sections 117.16(A) and 723.52 requires the Village engineer, or officer having a different title but the duties and functions of an engineer, to complete a force account project assessment form (i.e., cost estimate). We identified no projects requiring the completion of the force account assessment form.

### **Other Compliance**

1. Ohio Rev. Code Section 117.38 requires villages to file their financial information in the HINKLE system within 60 days after the close of the fiscal year. This statute also permits the Auditor of State to extend the deadline for filing a financial report and establish terms and conditions for any such extension. Auditor of State established policies, in addition to filing extensions granted for extenuating circumstances, allow for refile complete financial statements, as defined in AOS Bulletin 2015-007 in the Hinkle System for December 31, 2017 and 2016 fiscal year ends included in 2015-2016 or 2016-2017 agreed up on procedure engagements, subsequent to the Village's deadline where the initial filing was filed on time but incomplete. We confirmed the Village filed their complete financial statements, as defined by AOS Bulletin 2015-007 and Auditor of State established policy within the allotted timeframe for the years ended December 31, 2017 and 2016 in the Hinkle system. There were no exceptions.

### **Other Compliance (Continued)**

2. We inquired of the fiscal officer and inspected the Fiscal Integrity Act Portal (<http://www.ohioauditor.gov/fiscalintegrity/default.html>) to determine whether the fiscal officer obtained the training required by Ohio Rev. Code Section 507.12 and 733.81. The Fiscal Officer obtained the required training.

This agreed-upon procedures engagement was conducted in accordance with the American Institute of Certified Public Accountants attestation standards and applicable attestation engagement standards included in the Comptroller General of the United States' *Government Auditing Standards*. We were not engaged to, and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Village's receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.



This report is to provide assistance in the evaluation of the Village's receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2017 and 2016, and certain compliance requirements related to these transactions and balances and 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 initial "D".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

September 17, 2018

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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  
OCTOBER 9, 2018