



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 Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Village of College Corner, Preble County, (the Village) as of and for the years ended December 31, 2013 and 2012.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

As described in Note 1 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, to satisfy these requirements.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2013 and 2012, or changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of College Corner, Preble County as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 20, 2014, 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

August 20, 2014

**VILLAGE OF COLLEGE CORNER
PREBLE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:				
Property and Other Local Taxes	\$14,821	\$36,321		\$51,142
Intergovernmental	21,139	23,518	\$8,176	52,833
Charges for Services	25,000			25,000
Fines, Licenses and Permits	2,438			2,438
Earnings on Investments	301	53		354
Miscellaneous	927	318		1,245
Total Cash Receipts	<u>64,626</u>	<u>60,210</u>	<u>8,176</u>	<u>133,012</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	17,550	28,331		45,881
Transportation		15,016		15,016
General Government	33,223	54		33,277
Capital Outlay		22,500	8,176	30,676
Total Cash Disbursements	<u>50,773</u>	<u>65,901</u>	<u>8,176</u>	<u>124,850</u>
Excess of Receipts Over (Under) Disbursements	<u>13,853</u>	<u>(5,691)</u>		<u>8,162</u>
Other Financing Receipts (Disbursements):				
Other Financing Uses	<u>(749)</u>			<u>(749)</u>
Total Other Financing Receipts (Disbursements)	<u>(749)</u>			<u>(749)</u>
Net Change in Fund Cash Balances	13,104	(5,691)		7,413
Fund Cash Balances, January 1	<u>81,829</u>	<u>112,105</u>		<u>193,934</u>
Fund Cash Balances, December 31:				
Restricted		106,414		106,414
Assigned	44,555			44,555
Unassigned (Deficit)	50,378			50,378
Fund Cash Balances, December 31	<u>\$94,933</u>	<u>\$106,414</u>	<u>\$0</u>	<u>\$201,347</u>

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

**VILLAGE OF COLLEGE CORNER
PREBLE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

Operating Cash Receipts:	
Charges for Services	\$144,150
Miscellaneous	4,990
Total Operating Cash Receipts	<u>149,140</u>
Operating Cash Disbursements:	
Personal Services	18,125
Employee Fringe Benefits	2,183
Contractual Services	55,603
Supplies and Materials	14,451
Total Operating Cash Disbursements	<u>90,362</u>
Operating Income (Loss)	<u>58,778</u>
Non-Operating Receipts (Disbursements):	
Capital Outlay	<u>(3,800)</u>
Total Non-Operating Receipts (Disbursements)	<u>(3,800)</u>
Income (Loss) before Capital Contributions	54,978
Capital Contributions	<u>255</u>
Net Change in Fund Cash Balances	55,233
Fund Cash Balances, January 1	<u>476,871</u>
Fund Cash Balances, December 31	<u><u>\$532,104</u></u>

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

**VILLAGE OF COLLEGE CORNER
PREBLE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts:				
Property and Other Local Taxes	\$12,147	\$30,635		\$42,782
Intergovernmental	27,836	24,087	\$66,764	118,687
Charges for Services	22,000			22,000
Fines, Licenses and Permits	2,299			2,299
Earnings on Investments	289	51		340
Miscellaneous	581	34		615
Total Cash Receipts	65,152	54,807	66,764	186,723
Cash Disbursements:				
Current:				
Security of Persons and Property	10,222	36,290		46,512
Transportation		11,584		11,584
General Government	22,570			22,570
Capital Outlay		23,038	66,764	89,802
Total Cash Disbursements	32,792	70,912	66,764	170,468
Excess of Receipts Over (Under) Disbursements	32,360	(16,105)		16,255
Other Financing Receipts (Disbursements):				
Other Financing Uses	(1,272)			(1,272)
Total Other Financing Receipts (Disbursements)	(1,272)			(1,272)
Net Change in Fund Cash Balances	31,088	(16,105)		14,983
Fund Cash Balances, January 1	50,741	128,210		178,951
Fund Cash Balances, December 31:				
Restricted		112,105		112,105
Assigned	30,460			30,460
Unassigned (Deficit)	51,369			51,369
Fund Cash Balances, December 31	\$81,829	\$112,105	\$0	\$193,934

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

**VILLAGE OF COLLEGE CORNER
PREBLE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012**

Operating Cash Receipts:	
Charges for Services	\$146,172
Miscellaneous	1,930
Total Operating Cash Receipts	148,102
Operating Cash Disbursements:	
Personal Services	13,000
Employee Fringe Benefits	4,777
Contractual Services	51,184
Supplies and Materials	7,678
Other	9,721
Total Operating Cash Disbursements	86,360
Operating Income (Loss)	61,742
Non-Operating Receipts (Disbursements):	
Capital Outlay	(8,865)
Principal Retirement	(10,000)
Interest and Other Fiscal Charges	(432)
Total Non-Operating Receipts (Disbursements)	(19,297)
Income (Loss) before Transfers	42,445
Transfers In	7,989
Transfers Out	(7,989)
Net Change in Fund Cash Balances	42,445
Fund Cash Balances, January 1	434,426
Fund Cash Balances, December 31	\$476,871

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

**VILLAGE OF COLLEGE CORNER
PREBLE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of College Corner, Preble County, (the Village) as a body corporate and politic. 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 Sheriff's department to provide security of persons and property. The Village contracts with the Village of West College Corner, Indiana to receive fire protection services.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

B. Accounting Basis

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

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

C. Cash and Deposits

The Village has interest-bearing checking and savings accounts.

D. Fund Accounting

The Village uses fund accounting to segregate cash and deposits that are restricted as to use. The Village classifies its funds into the following types:

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. 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 Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

Fire Fund – This fund receives money from real estate and personal property taxes to provide fire protection of its citizens.

**VILLAGE OF COLLEGE CORNER
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Capital Project Fund

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project fund:

Grant Construction – This fund is used to account for CDBG grants on behalf of the Village.

4. 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.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

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

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and re-appropriated in the subsequent year.

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

**VILLAGE OF COLLEGE CORNER
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fund Balance

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

1. Non-spendable

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

2. Restricted

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

3. Committed

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

4. Assigned

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

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

G. Property, Plant, and Equipment

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

**VILLAGE OF COLLEGE CORNER
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

2. EQUITY IN POOLED DEPOSITS

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

	2013	2012
Demand deposits	\$728,518	\$665,885
Savings account	4,933	4,920
Total deposits	\$733,451	\$670,805

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

3. BUDGETARY ACTIVITY

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

2013 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$63,400	\$64,626	\$1,226
Special Revenue	51,755	60,210	8,455
Capital Projects		8,176	8,176
Enterprise	146,000	149,395	3,395
Total	\$261,155	\$282,407	\$21,252

2013 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$93,860	\$51,522	\$42,338
Special Revenue	150,845	65,901	84,944
Capital Projects		8,176	(8,176)
Enterprise	618,978	94,162	524,816
Total	\$863,683	\$219,761	\$643,922

2012 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$67,325	\$65,152	(\$2,173)
Special Revenue	55,105	54,807	(298)
Capital Projects	66,764	66,764	
Enterprise	174,940	156,091	(18,849)
Total	\$364,134	\$342,814	(\$21,320)

2012 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$71,232	\$34,064	\$37,168
Special Revenue	171,700	70,912	100,788
Capital Projects	66,764	66,764	
Enterprise	593,810	113,646	480,164
Total	\$903,506	\$285,386	\$618,120

**VILLAGE OF COLLEGE CORNER
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

4. PROPERTY TAX

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

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

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

5. DEBT

At December 31, 2011 the Village had an outstanding principal balance of \$10,000. The debt was paid in full in 2012.

6. RETIREMENT SYSTEMS

A. Ohio Public Employees Retirement System

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

For 2013 and 2012, 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, 2013.

B. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the OPERS have an option to choose Social Security. As of December 31, 2013, four employees of the Village have elected Social Security. The employees' liability is 6.2 percent of wages paid.

7. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

8. NONCOMPLIANCE

The Village did not properly record on-behalf CDBG monies.

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

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

To the 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 Village of College Corner, Preble County, (the Village) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements and have issued our report thereon dated August 20, 2014 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 opinion 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.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. We consider findings 2013-001, 2013-003 and 2013-004 described in the accompanying schedule of findings to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2013-002 described in the accompanying schedule of findings to be a significant deficiency.

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 an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2013-001.

Entity's Response to Findings

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Village's responses and, accordingly, we express no opinion on them.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village'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.



Dave Yost
Auditor of State

Columbus, Ohio

August 20, 2014

VILLAGE OF COLLEGE CORNER
PREBLE COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012

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

FINDING NUMBER 2013-001

Noncompliance & Material Weakness

Ohio Revised Code § 5705.09(F) requires the Village to establish a special fund for each class of revenues derived from a source other than the general property tax, which the law requires to be used for a specific purpose. Upon establishing a fund, estimated receipts should be certified to the County Auditor as available for expenditure and anticipated expenditures should be included in the Village's appropriations.

As further discussed in Auditor of State Bulletin 2000-008, the Fiscal Officer shall record the appropriations in accordance with the terms and conditions of the on-behalf grant or project agreement. In addition, prior to the Village of College Corner recording appropriations, **Ohio Rev. Code § 5705.40**, requires the legislative authority to pass a resolution amending its appropriation measure.

The Fiscal Officer did not record \$8,176 of Community Development Block Grant (CDBG) monies disbursed on behalf of the Village for 2013. The Village also did not approve corresponding appropriations for these grant monies. The accompanying financial statements have been adjusted to reflect the aforementioned receipts and disbursements.

Failure to properly record on-behalf grant activity could result in inaccurate financial statements.

We recommend the Village properly record on-behalf grant activity. Payments made on-behalf of the Village must also be included in the budgetary process.

Officials' Response:

The Village of College Corner acknowledges the procedures provided under Ohio Revised Code §5705.09(F) for the establishment of a special fund for each class of revenue. The statute suggests that there **should** be a certification by the County Auditor of available funds for expenditure and anticipated expenditures **should** be included in the Village's appropriations.

The Village of College Corner acknowledges the procedures recommended by the Auditor of State Bulletin 2000-08 that a Fiscal Officer shall record the appropriations in accordance with the terms and conditions of the on-behalf-of grant or project agreement. That further in accordance with Ohio Revised Code §5705.40 that there be a recording of an appropriation requiring the legislative authority to pass a resolution amending an appropriation measure.

In the proposed finding by the Auditor of State, incorrectly assumes that the Fiscal Officer had knowledge of an appropriation by the Butler County Department of Development for an amount of \$8,176 of a Community Development Block Grant (CDBG) which had not been approved as an appropriation by the Village legislative authority or upon knowledge of a presentation of request of payment. The actions taken on the fund, which was not under the control of the Fiscal Officer or the Village of College Corner, was by the Butler County Department of Development; which has indicated that it cannot find any documentation of notice to the Fiscal Officer or the Village of College Corner.

The Village of College Corner recognizes the need to amend its fiscal records to report the activity of the CDBG, but that said amendment should recognize when the Village had knowledge of such and that it is in a position to ratify the conduct of the Butler County Department of Development.

**FINDING NUMBER 2013-001
(Continued)**

The Village of College Corner submits Affidavits of Jennifer Woods, Fiscal Officer; Linda Simmons, Councilperson and designated member of Council overseeing the CDBG; and Desmond Maaytah, Community Development Manager for the Butler County Department of Development. Said affidavits acknowledge the failure of communication of the expenditure of the CDBG monies in 2013 that were not within the knowledge of the Officers and Council for the Village of College Corner.

AOS Conclusion:

AOS acknowledges receipt of the above mentioned affidavits. However, Village officials have a responsibility to confirm all on-behalf grant activity received through Butler County.

FINDING NUMBER 2013-002

Significant Deficiency

When designing the public office's system of internal control and the specific control activities, management should consider ensuring that all transactions are properly authorized in accordance with management's policies, ensuring that accounting records are properly designed, and verifying the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

Estimated Receipts were not properly posted to the accounting system as follows for 2012:

- Estimated resources for the Grant Construction Fund were \$66,764 per the Final Certificate of Estimated Resources. However, the Fiscal Officer posted \$0 to the accounting system.
- Estimated Resources for the Sewer Fund were \$80,000 per the Final Certificate of Estimated Resources. However, the Fiscal Officer posted \$89,568 to the accounting system (variance of \$9,568). Failure to properly post budgetary amounts to the Village's accounting system could result in the inability to monitor financial activity.

We recommend that the Village properly post budgetary activity to the accounting system.

Officials' Response:

The Village of College Corner denies that there was a failure to post \$66,764 of the Grant Construction Fund. Said posting was made in accordance with the direction of the Auditor for Preble County and approved as such.

The Village of College Corner further protests that there was a deficiency as to the estimated Sewer Fund balance, when said fund subsequently had an actual balance of a greater amount. This estimate was in keeping with good fiscal policy and the results showed a gain of the account based upon actual receipts.

AOS Conclusion:

The Village properly posted the cash activity to the accounting system (i.e. memo receipt/memo expenditure). However, the Village failed to post estimated receipts of \$66,764 to the budgetary accounting system.

FINDING NUMBER 2013-003

Material Weakness

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. The following posting errors were noted during the audit period:

2012

- The Fiscal Officer posted \$10,000 of principal expenditures in the Enterprise Reserve Fund [Fund 5761] to Interest & Other Fiscal Charges rather than Debt Service – Principal.
- The Fiscal Officer posted \$9,721 of expenditures to the Indiana Department of Revenue in the Water Fund [Fund 5101] to Interest & Other Fiscal Charges rather than Other Operating Cash Disbursements.
- The Fiscal Officer posted \$35,767 of expenditures to the Town of West College Corner in the Sewer Fund [Fund 5201] to Interest & Other Fiscal Charges rather than Contractual Services.
- The Fiscal Officer posted \$581 of miscellaneous receipts in the General Fund to Intergovernmental Revenue rather than Miscellaneous Receipts.
- The Fiscal Officer posted \$7,442 of property tax receipts in the Fire Fund [Fund 2901] and \$23,193 of property tax receipts in the Other Special Revenue Fund [Fund 2902] to Intergovernmental Revenue rather than Taxes.
- The Fiscal Officer posted \$918 of homestead/rollback receipts in the General Fund to Taxes rather than Intergovernmental Revenue.
- The Fiscal Officer posted \$1,335 of homestead/rollback receipts entirely to the General Fund rather than allocating the proper amounts to the Fire Fund [\$268 to Fund 2901] and Other Special Revenue Fund [\$1,067 to Fund 2902].
- The Fiscal Officer posted \$1,394 of homestead/rollback receipts entirely to the General Fund as Taxes rather than allocating the proper amounts to Intergovernmental Revenue in the General Fund [\$380], Fire Fund [\$204 to Fund 2901], and Other Special Revenue Fund [\$810 to Fund 2902].

2013

- The Fiscal Officer posted \$12,000 of expenditures in the Permissive Motor Vehicle License Tax Fund [Fund 2101] to Transportation rather than Capital Outlay.
- The Fiscal Officer posted \$422 of receipts in the General Fund to Fines, Licenses & Permits rather than Miscellaneous Receipts.
- The Fiscal Officer posted \$505 of miscellaneous receipts in the General Fund to Intergovernmental Revenue rather than Miscellaneous Receipts.
- The Fiscal Officer posted \$9,723 of property tax receipts in the Fire Fund [Fund 2901] and \$26,538 of property tax receipts in the Other Special Revenue Fund [Fund 2902] to Intergovernmental Revenue rather than Taxes.
- The Fiscal Officer posted \$1,652 of homestead/rollback receipts in the General Fund to Taxes rather than Intergovernmental Revenue.
- The Fiscal Officer posted \$76 of auditor/treasurer fees entirely to the Fire Fund [Fund 2901] rather than allocating the proper amounts to the General Fund [\$50] and Other Special Revenue Fund [\$26 to Fund 2902].

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

FINDING NUMBER 2013-003 (Continued)

Failure to properly post receipts and disbursements 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.

We recommend that receipts and disbursements be properly posted. Receipts and disbursements 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.

Officials' Response:

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

FINDING NUMBER 2013-004

Material Weakness

The Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, introduces five fund balance classifications and clarifies the existing governmental fund type definitions. The fund balance classifications relate to constraints placed upon the use of resources reported in governmental funds. The five classifications are nonspendable, restricted, committed, assigned and unassigned.

In 2012 the Village reported \$11,000 as Fund Balance Committed for Fire Contracts in the Other Special Revenue Fund. However, this amount should have been reported as Restricted Fund Balance.

In 2012 the Village reported \$42,857 as Fund Balance Committed for Police Contracts in the General Fund. However, this amount should have been reported as Unassigned Fund Balance. Also, the Village failed to report \$30,460 as Fund Balance Assigned for appropriations in excess of estimated resources in the General Fund.

In 2013 the Village reported \$30,807 as Fund Balance Restricted for Police Contracts in the General Fund. However, this amount should have been reported as Unassigned Fund Balance. Also, the Village failed to report \$44,555 as Fund Balance Assigned for appropriations in excess of estimated resources in the General Fund.

Adjustments were made to the accompanying financial statements.

Failure to meet the requirements of GASB Statement No. 54 could result in misleading financial statements.

We recommend that the Village follow the accounting treatment as prescribed in GASB Statement No. 54 and Auditor of State Bulletin 2011-004.

Officials' Response:

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

**VILLAGE OF COLLEGE CORNER
PREBLE COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2011-01	Incorrect Posting of Financial Activity	No	Not Corrected; reissued as Finding 2013-003
2011-02	Ohio Revised Code Section 5705.39 Appropriations Exceeding Estimated Revenue	Yes	Corrected

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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
SEPTEMBER 9, 2014**