

Village of Owensville
Clermont County, Ohio

Regular Audit

For the years ended December 31, 2010 and 2009
Fiscal Years Audited Under GAGAS: 2010 and 2009



Balestra, Harr & Scherer, CPAs, Inc.

528 South West St, P.O. Box 687, Piketon, Ohio 45661 Phone: 740.289.4131 Fax: 740.289.3639
9076 Ohio River Road, Wheelersburg, Ohio, 45694 Phone: 740.876.9121 Fax: 800.210.2573



Dave Yost • Auditor of State

Members of Council
Village of Owensville
115 West Main Street
PO Box 490
Owensville, Ohio 45160

We have reviewed the *Independent Auditor's Report* of the Village of Owensville, Clermont County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2009 through December 31, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Owensville is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

September 29, 2011

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**Village of Owensville
Clermont County, Ohio**

Table of Contents
For the Fiscal Years Ended December 31, 2010 and 2009

Title	Page
Independent Auditor's Report.....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – Governmental Funds - For the Year Ended December 31, 2010	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balance – Agency Fund - For the Year Ended December 31, 2010	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – Governmental Funds - For the Year Ended December 31, 2009	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balance – Agency Fund - For the Year Ended December 31, 2009	6
Notes to the Financial Statements	7
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	13
Schedule of Findings	15
Schedule of Prior Audit Findings.....	17

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Independent Auditor's Report

Council Members
Village of Owensville
Clermont County
115 West Main Street
Owensville, Ohio 45160

We have audited the accompanying financial statements of Village of Owensville, Clermont County, Ohio (the Village), as of and for the years ended December 31, 2010 and 2009. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

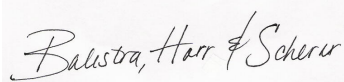
In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2010 and 2009 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2010 and 2009, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Village of Owensville, Clermont County, as of December 31, 2010 and 2009, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

Village of Owensville
Clermont County
Independent Auditors' Report
Page 2

The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 29, 2011, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Balestra, Harr & Scherer, CPAs, Inc.

July 29, 2011

**Village of Owensville
Clermont County, Ohio**

*Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances
Governmental Funds
For the Year Ended December 31, 2010*

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Local Taxes	\$ 24,829	\$ 63,131	\$ 87,960
Intergovernmental	152,510	36,216	188,726
Municipal Income Tax	132,617	-	132,617
Charges for Services	7,360	-	7,360
Fines, Licenses, and Permits	105,560	11,066	116,626
Interest	861	178	1,039
Miscellaneous	12,781	1,770	14,551
Total Cash Receipts	<u>436,518</u>	<u>112,361</u>	<u>548,879</u>
Cash Disbursements:			
Current:			
Security of Persons & Property	216,208	53,504	269,712
Public Health Service	2,707	-	2,707
Leisure Time Activities	10,806	-	10,806
Transportation	-	46,080	46,080
General Government	163,204	3,052	166,256
Total Cash Disbursements	<u>392,925</u>	<u>102,636</u>	<u>495,561</u>
Total Cash Receipts Over/(Under) Cash Disbursements	43,593	9,725	53,318
Fund Cash Balances, January 1	<u>436,645</u>	<u>90,289</u>	<u>526,934</u>
Fund Cash Balances, December 31	<u>\$ 480,238</u>	<u>\$ 100,014</u>	<u>\$ 580,252</u>
Reserve for Encumbrances, December 31	<u>\$ 11,948</u>	<u>\$ 866</u>	<u>\$ 12,814</u>

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

**Village of Owensville
Clermont County, Ohio**

*Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balance
Agency Fund
For the Year Ended December 31, 2010*

Non-Operating Cash Receipts/Disbursements

Other Non-operating Receipts	\$ 151,205
Other Non-operating Disbursements	<u>151,205</u>
Net Cash Receipts Over/(Under) Cash Disbursements	-
Fund Cash Balances, January 1	<u>-</u>
Fund Cash Balances, December 31	<u><u>\$ -</u></u>

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

**Village of Owensville
Clermont County, Ohio**

*Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances
Governmental Funds
For the Year Ended December 31, 2009*

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Local Taxes	\$ 26,787	\$ 66,043	\$ 92,830
Intergovernmental	109,305	32,888	142,193
Municipal Income Tax	138,199	-	138,199
Charges for Services	7,159	-	7,159
Fines, Licenses, and Permits	56,300	5,341	61,641
Interest	2,179	431	2,610
Miscellaneous	9,298	488	9,786
	<u>349,227</u>	<u>105,191</u>	<u>454,418</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Security of Persons & Property	159,966	49,916	209,882
Public Health Service	3,465	-	3,465
Leisure Time Activities	31,614	-	31,614
Transportation	2,343	31,240	33,583
General Government	191,273	3,343	194,616
	<u>388,661</u>	<u>84,499</u>	<u>473,160</u>
Total Cash Disbursements			
Total Cash Receipts Over/(Under) Cash Disbursements	(39,434)	20,692	(18,742)
Other Financing Receipts and (Disbursements):			
Sale of Fixed Assets	3,000	-	3,000
Transfers - In	31,301	-	31,301
Transfers - Out	-	(31,301)	(31,301)
Other non-operating receipts	-	-	-
Other non-operating disbursements	-	-	-
	<u>34,301</u>	<u>(31,301)</u>	<u>3,000</u>
Total Other Financing Receipts/(Disbursements)			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(5,133)	(10,609)	(15,742)
Fund Cash Balances, January 1	<u>441,778</u>	<u>100,898</u>	<u>542,676</u>
Fund Cash Balances, December 31	<u>\$ 436,645</u>	<u>\$ 90,289</u>	<u>\$ 526,934</u>
Reserve for Encumbrances, December 31	<u>\$ 7,455</u>	<u>\$ 5,587</u>	<u>\$ 13,042</u>

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

**Village of Owensville
Clermont County, Ohio**

*Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balance
Agency Fund
For the Year Ended December 31, 2009*

	<u>Agency</u>
Non-Operating Cash Receipts/Disbursements	
Other Non-operating Receipts	\$78,177
Other Non-operating Disbursements	<u>78,177</u>
Net Cash Receipts Over/(Under) Cash Disbursements	-
Fund Cash Balances, January 1	<u>-</u>
Fund Cash Balances, December 31	<u><u>\$ -</u></u>

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

**VILLAGE OF OWENSVILLE
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Owensville, Clermont County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides street maintenance and repair and police services.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash Deposits

During fiscal years 2010 and 2009, the Village funds were in an interest bearing checking account.

D. Fund Accounting

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

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

Police Fund – This fund receives money to provide police protection for Village residents.

Street Construction, Maintenance and Repair Fund – This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

**VILLAGE OF OWENSVILLE
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Fiduciary Funds (Agency Fund)

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following agency fund:

Mayor's Court – This fund collects and distributes court fines to the Village and the State. The open items at the end of the period make up the fund balance.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted (except certain agency funds) annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, object level of control, and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2010 and 2009 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused vacation and sick leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2010</u>	<u>2009</u>
Total deposits	<u>\$580,252</u>	<u>\$526,934</u>

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

**VILLAGE OF OWENSVILLE
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2010 and 2009 follows:

2010 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 380,000	\$ 436,518	\$ 56,518
Special Revenue	94,125	112,361	18,236
Total	<u>\$ 474,125</u>	<u>\$ 548,879</u>	<u>\$ 74,754</u>

2010 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 407,541	\$ 404,873	\$ 2,668
Special Revenue	129,023	103,502	25,521
Total	<u>\$ 536,564</u>	<u>\$ 508,375</u>	<u>\$ 28,189</u>

2009 Budgeted vs. Actual Budgetary Basis Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 383,726	\$ 383,528	\$ (198)
Special Revenue	105,089	105,191	102
Total	<u>\$ 488,815</u>	<u>\$ 488,719</u>	<u>\$ (96)</u>

2009 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 410,000	\$ 396,116	\$ 13,884
Special Revenue	131,351	121,387	9,964
Total	<u>\$ 541,351</u>	<u>\$ 517,503</u>	<u>\$ 23,848</u>

**VILLAGE OF OWENSVILLE
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

4. PROPERTY TAX

Real property taxes become a lien on January 1 proceeding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. The second half payment is due the following June 20.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

5. LOCAL INCOME TAX

The Village levies a municipal income tax of 1 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually. Proceeds of the tax are credited to the General Fund

6. RETIREMENT SYSTEMS

The Village's employees and some of the Village's Council members have elected to belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

All full-time Village police officers participate in the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple employer defined benefit pension plan. The OP&F fund provides retirement benefits including postretirement healthcare, and survivor and disability benefits as prescribed by the Ohio Revised Code.

The Ohio Revised Code also prescribes contribution rates. For 2010 and 2009, OP&F participants contributed 10 percent of their wages. The Village contributed an amount equal to 19.5 percent of police participant wages. For 2010 and 2009, OPERS' members contributed 10 percent of their gross wages. The Village contributed an amount equal to 14.00 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2010.

**VILLAGE OF OWENSVILLE
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

7. RISK POOL MEMBERSHIP

Risk Pool Membership

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

The Village insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2010, PEP retained \$350,000 for casualty claims and \$150,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2010 and 2009 (the latest information available):

	<u>2010</u>	<u>2009</u>
Assets	34,952,000	36,374,898
Liabilities	<u>(14,320,812)</u>	<u>(15,256,862)</u>
Net Assets	20,631,198	21,118,036

At December 31, 2010 and 2009, respectively, the liabilities above include approximately \$12.8 million and \$14.1 million of estimated incurred claims payable. The assets above also include approximately \$12.3 million and \$13.7 million of unpaid claims to be billed to approximately 454 member governments in the future, as of December 31, 2010 and 2009, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2010, the Village's share of these unpaid claims collectible in future years is approximately \$31,000.

**VILLAGE OF OWENSVILLE
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

7. RISK POOL MEMBERSHIP (CONTINUED)

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u>Contributions to PEP</u>	
<u>2010</u>	<u>2009</u>
\$15,570	\$15,409

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligations to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

8. TRANSFER

For the fiscal years ending December 2010 and 2009 the Village made the following interfund transfers:

2009	Transfers	
	<u>In</u>	<u>Out</u>
General Fund	\$31,301	
Fire and Rescue Fund		\$31,301

Since the Fire Station was bought from the Village in 2006, there has been no activity in the Fire and Rescue Fund. On March 2, 2009 Council approved the above transfer with the affirmative vote of more than two thirds of the members.

9. COMPLIANCE

Contrary to Ohio Revised Code section 5705.41(D) the Village was not certifying funds prior to their obligation for both 2010 and 2009



**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards***

Council Members
Village of Owensville
Clermont County
115 West Main Street
Owensville, Ohio 45160

We have audited the financial statements of Village of Owensville, Clermont County, Ohio, (the Village) as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated July 29, 2011, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

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

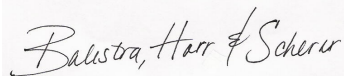
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and timely corrected. We consider finding 2010-001 described in the accompanying schedule of findings to be a material weakness.

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, providing an opinion 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 matters that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2010-002.

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.

We intend this report solely for the information and use of management, the Village Council, and others within the Village. We intend it for no one other than these specified parties.



Balestra, Harr & Scherer, CPAs, Inc.
July 29, 2011

**VILLAGE OF OWENSVILLE
CLERMONT COUNTY
DECEMBER 31, 2010 AND 2009
SCHEDULE OF FINDINGS**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2010-001

Material Weakness

During the course of the audit, the following was identified that should have been prevented or detected by the Village's internal controls over financial reporting:

- The Mayor's Court activity was not presented in the financial statements.
- There were certain material and immaterial reclassifications for revenue. Material reclassifications are listed below.

The accompanying financial statements were adjusted to reflect the Mayor's Court activity and the material reclassifications. The Village should implement additional application and monitoring controls over financial reporting to ensure that all financial statement transactions are accurately and completely reported.

Some transactions were not posted to the proper account code and were improperly reported on the annual financial report as follows:

- The sale of a snow blade and salt box in 2009 were recorded in the General Fund as Other Financing Sources in the amount of \$3,000. This amount should have been posted to Sale of Fixed Assets in the General Fund.
- In 2009, a loyalty check from the Public Entities Pool of Ohio was recorded as Other Financing Sources in the amount of \$1,037. This amount should have been posted to Miscellaneous Revenue in the General Fund.
- In 2009, Homestead and Rollback revenue in the amount of \$2,140 and \$4,233 were recorded as Property Tax Revenue in the General Fund and Police Fund, respectively. These amounts should have been posted Intergovernmental Revenue.
- In 2010, Homestead and Rollback revenue in the amount of \$2,109 and \$4,184 were recorded as Property Tax Revenue in the General Fund and Police Fund, respectively. These amounts should have been posted Intergovernmental Revenue.
- A receipt for monthly distribution of state highway revenue from the county auditor was recorded as Property Tax Revenue in the Street Construction, Maintenance and Repair Fund in the amount of \$1,598 in 2010. This should have been recorded as Intergovernmental Revenue.

Clients Response:

The clerk will check to make sure the financial transactions are accurately and completely reported.

**VILLAGE OF OWENSVILLE
CLERMONT COUNTY
DECEMBER 31, 2010 AND 2009
SCHEDULE OF FINDINGS
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2010-002

Noncompliance Citation

Ohio Revised Code Section 5705.41 (D) requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the Village Clerk.

This section also provides for two exceptions to the above requirements:

- A. Then and Now Certificates - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Village Council may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate.

- B. If the amount involved is less than \$3,000, the fiscal officer may authorize payment through a Then and Now Certificate without affirmation of the Village Council, if such expenditure is otherwise valid.

During our testing, it was noted that some of the invoice dates were before the purchase order dates.

The Village should obtain the prior certification of the Village fiscal officer before an obligation is incurred.

Clients Response:

The clerk will prepare a "then and now" certificate when a proper purchase order is not issued.

**VILLAGE OF OWENSVILLE
CLERMONT COUNTY
DECEMBER 31, 2010 AND 2009
SCHEDULE OF PRIOR AUDIT FINDINGS**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2008-001	Material Weakness Over Financial Reporting	No	Partially Corrected. Reissued as Finding 2010-001

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Dave Yost • Auditor of State

VILLAGE OF OWENSVILLE

CLERMONT 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 11, 2011