

VILLAGE OF OWENSVILLE
CLERMONT COUNTY, OHIO

**FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2014 AND 2013**



Dave Yost • Auditor of State

Village Council
Village of Owensville
115 W. Main St.
Owensville, OH 45160

We have reviewed the *Independent Auditor's Report* of the Village of Owensville, Clermont County, prepared by Bastin & Company, LLC, for the audit period January 1, 2013 through December 31, 2014. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

April 21, 2016

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**VILLAGE OF OWENSVILLE
CLERMONT COUNTY, OHIO**

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Bastin & Company, LLC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Owensville, Clermont County, Ohio, (the Village) as of and for the years ended December 31, 2014 and 2013.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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

As described in Note 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 (GAAP), to satisfy these requirements.

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2014 and 2013, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Village of Owensville, Clermont County as of December 31, 2014 and 2013, 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 February 26, 2016, 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.



Cincinnati, Ohio
February 26, 2016

**VILLAGE OF OWENSVILLE
CLERMONT COUNTY, OHIO
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Governmental Fund Types			Totals
	General	Special Revenue	Capital Projects	(Memorandum Only)
<i>Cash Receipts:</i>				
Property and Other Local Taxes	\$ 16,254	\$ 40,629	\$ -	\$ 56,883
Municipal Income Tax	123,625	-	-	123,625
Intergovernmental	54,529	37,992	334,775	427,296
Charges for Services	975	-	-	975
Fines, Licenses and Permits	53,019	5,135	-	58,154
Earnings on Investments	303	-	-	303
Miscellaneous	21,089	-	-	21,089
Total Cash Receipts	269,794	83,756	334,775	688,325
<i>Cash Disbursements:</i>				
Current:				
Security of Persons and Property	160,825	48,485	-	209,310
Public Health Services	2,517	-	-	2,517
Leisure Time Activities	11,477	-	-	11,477
Transportation	-	71,298	-	71,298
General Government	162,572	-	-	162,572
Capital Outlay	-	-	334,775	334,775
Total Cash Disbursements	337,391	119,783	334,775	791,949
Net Change in Fund Cash Balances	(67,597)	(36,027)	-	(103,624)
Fund Cash Balances, January 1	350,682	133,926	-	484,608
Fund Cash Balances, December 31:				
Restricted	-	97,899	-	97,899
Assigned	5,260	-	-	5,260
Unassigned	277,825	-	-	277,825
Fund Cash Balances, December 31	\$ 283,085	\$ 97,899	\$ -	\$ 380,984

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

**VILLAGE OF OWENSVILLE
CLERMONT COUNTY, OHIO
STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCE (CASH BASIS)
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Fiduciary Fund Types
	Agency
<i>Non-Operating Cash Receipts:</i>	
Other Non-Operating Receipts	\$ 61,318
Total Non-Operating Cash Receipts	61,318
<i>Non-Operating Cash Disbursements:</i>	
Other Non-Operating Disbursements	61,334
Total Non-Operating Cash Disbursements	61,334
Net Change in Fund Cash Balances	(16)
Fund Cash Balances, January 1	730
Fund Cash Balances, December 31	\$ 714

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

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

	<u>Governmental Fund Types</u>		Totals
	<u>General</u>	<u>Special Revenue</u>	<u>(Memorandum Only)</u>
<i>Cash Receipts:</i>			
Property and Other Local Taxes	\$ 17,326	\$ 43,082	\$ 60,408
Municipal Income Tax	109,060	-	109,060
Intergovernmental	52,998	40,701	93,699
Charges for Services	1,040	-	1,040
Fines, Licenses and Permits	61,782	5,245	67,027
Earnings on Investments	333	-	333
Miscellaneous	23,352	359	23,711
	<u>265,891</u>	<u>89,387</u>	<u>355,278</u>
<i>Cash Disbursements:</i>			
Current:			
Security of Persons and Property	146,108	47,883	193,991
Public Health Services	2,374	-	2,374
Leisure Time Activities	12,231	-	12,231
Transportation	-	47,127	47,127
General Government	153,166	-	153,166
	<u>313,879</u>	<u>95,010</u>	<u>408,889</u>
Net Change in Fund Cash Balances	(47,988)	(5,623)	(53,611)
Fund Cash Balances, January 1	<u>398,670</u>	<u>139,549</u>	<u>538,219</u>
Fund Cash Balances, December 31:			
Restricted	-	133,926	133,926
Assigned	5,870	-	5,870
Unassigned	344,812	-	344,812
	<u>350,682</u>	<u>133,926</u>	<u>484,608</u>
Fund Cash Balances, December 31	<u>\$ 350,682</u>	<u>\$ 133,926</u>	<u>\$ 484,608</u>

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

**VILLAGE OF OWENSVILLE
CLERMONT COUNTY, OHIO
STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCE (CASH BASIS)
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Fiduciary Fund Types
	Agency
<i>Non-Operating Cash Receipts:</i>	
Other Non-Operating Receipts	\$ 72,052
Total Non-Operating Cash Receipts	72,052
<i>Non-Operating Cash Disbursements:</i>	
Other Non-Operating Disbursements	72,064
Total Non-Operating Cash Disbursements	72,064
Net Change in Fund Cash Balances	(12)
Fund Cash Balances, January 1	742
Fund Cash Balances, December 31	\$ 730

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

**VILLAGE OF OWENSVILLE
CLERMONT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

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 Owensville, Clermont County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides street maintenance and repair and police services. The Village contracts with Stonelick Township to receive fire protection services and EMS services.

The Village participates in the Public Entities Pool of Ohio public entity risk pool. Note 7 to the financial statements provides additional information for this entity.

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 permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

C. Deposits

The Village maintains an interest bearing checking account and has no investments.

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

**VILLAGE OF OWENSVILLE
CLERMONT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)**

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.

Police Fund - This fund receives property tax money to fund the police department.

3. Capital Project Funds

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:

US 50 Area Storm Improvements – This fund received proceeds of an Ohio Public Works Commission grant during 2014 for constructing drainage and curb improvements at multiple locations along US 50.

4. Fiduciary Funds

Fiduciary Funds include agency funds, which are purely custodial in nature and used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund accounts for the Village's Mayor's Court activity.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) 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. 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 approve estimated resources.

**VILLAGE OF OWENSVILLE
CLERMONT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)**

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2014 and 2013 budgetary activity appears in Note 3.

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. Nonspendable

The Village classifies assets as *nonspendable* 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.

**VILLAGE OF OWENSVILLE
CLERMONT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)**

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.

H. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. EQUITY IN POOLED DEPOSITS

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

	<u>2014</u>	<u>2013</u>
Demand deposits	<u>\$ 381,698</u>	<u>\$ 485,338</u>

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2014 and 2013 follows:

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 260,565	\$ 269,794	\$ 9,229
Special Revenue	89,750	83,756	(5,994)
Capital Projects	334,775	334,775	-
Total	\$ 685,090	\$ 688,325	\$ 3,235

**VILLAGE OF OWENSVILLE
CLERMONT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)**

2014 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 352,585	\$ 342,651	\$ 9,934
Special Revenue	143,373	121,986	21,387
Capital Projects	334,775	334,775	-
Total	<u>\$ 830,733</u>	<u>\$ 799,412</u>	<u>\$ 31,321</u>

2013 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 273,994	\$ 265,891	\$ (8,103)
Special Revenue	88,631	89,387	756
Total	<u>\$ 362,625</u>	<u>\$ 355,278</u>	<u>\$ (7,347)</u>

2013 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 330,913	\$ 319,749	\$ 11,164
Special Revenue	144,405	105,096	39,309
Total	<u>\$ 475,318</u>	<u>\$ 424,845</u>	<u>\$ 50,473</u>

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. 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.

**VILLAGE OF OWENSVILLE
CLERMONT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)**

Employers within the Village withhold income tax on employee compensation and remit the tax to the Regional Income Tax Authority, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

6. RETIREMENT SYSTEMS

The Village's full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. From January 2013 through June 2013, OP&F participants contributed 10% of their wages. From July 1, 2013 through June 30, 2014 OP&F participants contributed 10.75% of their wages. From July 1, 2014 through December 31, 2014, OP&F participants contributed 11.5% of their wages. For 2014 and 2013, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2014 and 2013, 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, 2014.

7. RISK MANAGEMENT

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, 2014, PEP retained \$350,000 for casualty claims and \$100,000 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.

**VILLAGE OF OWENSVILLE
CLERMONT COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013
(Continued)**

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2013 and 2014:

	2013	2014
Assets	\$34,411,883	\$35,402,177
Liabilities	(12,760,194)	(12,363,257)
Net Position	\$21,651,689	\$23,038,920

At December 31, 2013 and 2014, respectively, the liabilities above include approximately 11.6 million and \$11.1 million of estimated incurred claims payable. The assets above also include approximately \$11.1 million and \$10.8 million of unpaid claims to be billed. The Pool's membership increased from 475 members in 2013 to 488 members in 2014. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2014, the Village's share of these unpaid claims collectible in future years is approximately \$12,000.

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.

Contributions to PEP	
2013	2014
\$17,747	\$18,163

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 obligation 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. CONTINGENT LIABILITIES

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Bastin & Company, LLC
Certified Public Accountants

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

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

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 cash balances, receipts, and disbursements by fund type of the Village of Owensville, Clermont County, Ohio, (the Village) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated February 26, 2016 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 Controls 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.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2014-01 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, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated February 26, 2016.

Entity's Response to Finding

The Village's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Village's response and, accordingly, we express no opinion on it.

Purpose of this Report

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

A handwritten signature in cursive script that reads "Bastin & Company, LLC". The signature is written in black ink on a light-colored background.

Cincinnati, Ohio
February 26, 2016

**VILLAGE OF OWENSVILLE
CLERMONT COUNTY, OHIO
SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013**

FINDING NUMBER 2014-01

Material Weakness - Financial Reporting

The following audit adjustments were required to be made to the financial statements that were not initially identified by the Village's internal control.

Adjustments made that resulted in changes in fund cash balances between various funds of the Village for 2014 and 2013 were as follows:

- Audit adjustments for 2014 and 2013 totaling \$4,774 and \$4,827, respectively, were necessary to move expenditures to the General Fund that had been recorded as expenditures of the Mayor's Court Computer Fund. The expenditures relate to ordinary operating activity of the Village's Mayor's Court that should not have been charged to the Mayor's Court Computer Fund.
- Audit adjustments for 2014 totaling \$5,780 were necessary to move grant receipts from OPWC to the US 50 Area Storm Improvements Capital Projects Fund that had been recorded as receipts in the General Fund. In addition, \$5,780 of OPWC related expenditures recorded in the Street Construction Maintenance and Repair Special Revenue Fund were adjusted to be recorded in the US 50 Area Storm Improvements Capital Projects Fund.

Adjustments and reclassifications made that resulted in changes to the Village's recorded receipt and disbursement classifications for 2014 and 2013 were as follows:

- The Village posted homestead and rollback to property taxes rather than to intergovernmental revenue. This resulted in a reclassification in the General Fund of \$2,071 in 2014 and \$2,129 in 2013. The Police Fund also had a reclassification for similar items of \$4,445 in 2014 and \$4,458 in 2013.
- The Village posted gasoline excise tax and state and local government highway distribution money as property taxes rather than to intergovernmental revenue in the Street Construction and Maintenance Fund. This resulted in a reclassification of \$3,225 and \$3,944 in 2014 and 2013, respectively. The State Highway Fund also had a reclassification for similar items of \$1,044 in 2014 and \$734 in 2013.
- The Village posted drug fines from the Mayor's Court to the Drug Law Enforcement Fund as miscellaneous rather than to fines, licenses, and permits. This resulted in a reclassification of \$1,645 in 2014 and \$295 in 2013.
- The Village posted permissive motor vehicle taxes to the Permissive Motor Vehicle Fund as property taxes rather than to intergovernmental revenue. This resulted in a reclassification of \$9,197 in 2014 and \$4,692 in 2013.
- Audit adjustments for 2014 totaling \$328,995 were necessary to record OPWC grant proceeds and capital related expenses for a grant administered by OPWC on behalf of the Village.

In addition to adjustments made to the financial activities discussed above, the Village did not update information in the accounting system regarding budgeted receipts and budgeted expenditures when amendments to the certificate of estimated resources or to appropriation ordinances were made. Budgeted data also did not incorporate amounts for OPWC grants where expenditures were made on-behalf of the Village by OPWC. As a result, recorded budgetary data did not reflect official budgeted data for either year. Adjustments to budgeted data included in the footnotes to the financial statements were required to properly state budgeted data.

The presentation of materially correct financial statements and the related footnotes is the responsibility of management. We recommend that the Village implement control procedures that enable management to identify, prevent, detect and correct potential misstatements in the financial statements and footnotes.

Village's Response

During 2015, the Village hired a new fiscal officer and will attempt to record transactions to the proper accounts that will allow amounts to feed into correct financial statement functional line item classifications. Future on-behalf type grants will also be added to the budgetary accounts and recorded based on information provided by OPWC.

**VILLAGE OF OWENSVILLE
CLERMONT COUNTY, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2014 AND 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2012-001	Posting appropriation data to the accounting system.	No	Reissued as a portion of Finding 2014-01.
2012-002	Timely distribution of Mayor's Court funds.	Yes	Condition not detected during current audit period.
2012-003	Audit adjustments for receipts and disbursements recorded incorrectly.	No	Reissued as Finding 2014-01.

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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
MAY 3, 2016