



Mary Taylor, CPA  
Auditor of State



**COLLEGE CORNER LOCAL SCHOOL DISTRICT  
PREBLE COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Accountants' Report for the Years Ended June 30, 2010 and June 30, 2009 .....	1
2010 Financial Statements	
Management's Discussion and Analysis .....	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets – Modified Cash Basis .....	9
Statement of Activities – Modified Cash Basis .....	10
Fund Financial Statements:	
Statement of Assets and Fund Balances Modified Cash Basis – Governmental Funds .....	11
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities – Modified Cash Basis .....	12
Statement of Cash Receipts, Disbursements, and Changes In Fund Balances – Modified Cash Basis – Governmental Funds .....	13
Reconciliation of the Statement of Receipts, Disbursements and Changes In Fund Balances of Governmental Funds to the Statement of Activities – Modified Cash Basis .....	14
Statement of Receipts, Disbursements, and Changes in Fund Balances - Budget and Actual (Budget Basis) – General Fund.....	15
Notes to the Basic Financial Statements for June 30, 2010.....	17
2009 Financial Statements	
Management's Discussion and Analysis .....	35
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets – Modified Cash Basis .....	41
Statement of Activities – Modified Cash Basis .....	42
Fund Financial Statements:	
Statement of Assets and Fund Balances Modified Cash Basis – Governmental Funds .....	43
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities – Modified Cash Basis .....	44

**COLLEGE CORNER LOCAL SCHOOL DISTRICT  
PREBLE COUNTY**

**TABLE OF CONTENTS  
(Continued)**

<b>TITLE</b>	<b>PAGE</b>
Statement of Cash Receipts, Disbursements, and Changes In Fund Balances – Modified Cash Basis – Governmental Funds .....	45
Reconciliation of the Statement of Receipts, Disbursements and Changes In Fund Balances of Governmental Funds to the Statement of Activities – Modified Cash Basis .....	46
Statement of Receipts, Disbursements, and Changes in Fund Balances - Budget and Actual (Budget Basis) – General Fund.....	47
Notes to the Basic Financial Statements for June 30, 2009.....	49
Independent Accountants' Report on Internal Control over Financial Reporting and Compliance and Other Matters Required by Government Auditing Standards. ....	67
Schedule of Findings.....	69
Schedule of Prior Audit Findings.....	71



# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

College Corner Local School District  
Preble County  
230 Ramsey Street  
College Corner, Ohio 45003

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of College Corner Local School District, Preble County, Ohio (the School District), as of and for the years ended June 30, 2010 and 2009, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions 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 opinions.

Ohio Administrative Code § 117-2-03 (B) requires the School District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, as discussed in Note 1, the accompanying financial statements and notes follow the modified cash accounting basis. This is a comprehensive accounting basis other than generally accepted accounting principles. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, we cannot determine at this time.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of College Corner Local School District, Preble County, Ohio, as of June 30, 2010 and 2009, and the respective changes in modified cash financial position and the respective budgetary comparison for the General Fund thereof for the years then ended in conformity with the basis of accounting Note 1 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 1, 2010, on our consideration of the School District'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.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

**Mary Taylor, CPA**  
Auditor of State

October 1, 2010

**College Corner Local School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2010

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The discussion and analysis of College Corner Local School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2010, within the limitations of the School District's modified cash basis of accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

### **Financial Highlights**

Key financial highlights for fiscal year 2010 are as follows:

- Revenues decreased slightly during the fiscal year.
- The School District kept disbursements in line with the prior fiscal year, leading to an increase in net assets during fiscal year 2010.

### **Using this Annual Financial Report**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the School District's modified cash basis of accounting.

#### *Report Components*

The statement of net assets and the statement of activities provide information about the cash activities of the School District as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the School District as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the basic financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanations and details regarding the information reported in the statements.

#### *Basis of Accounting*

The basis of accounting is a set of guidelines that determines when financial events are recorded. The School District has elected to present its financial statements on a modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the School District's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

**College Corner Local School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2010

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As a result of using the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the modified cash basis of accounting.

**Reporting the School District as a Whole**

*Statement of Net Assets and Statement of Activities – Modified Cash Basis*

The statement of net assets and the statement of activities reflect how the School District did financially during fiscal year 2010, within the limitations of the modified cash basis of accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the School District at fiscal year-end. The statement of activities compares cash disbursements with program cash receipts for each governmental program. Program cash receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program cash receipts. The comparison of cash disbursements with program cash receipts identifies how each governmental program draws from the School District's general receipts.

These statements report the School District's cash position and the changes in cash position. Keeping in mind the limitations of the modified cash basis of accounting, you can think of these changes as one way to measure the School District's financial health. Over time, increases or decreases in the School District's cash position is one indicator of whether the School District's financial health is improving or deteriorating. When evaluating the School District's financial condition, you should also consider other nonfinancial factors as well such as the School District's property tax base, the condition of the School District's capital assets, the extent of the School District's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

**Reporting the School District's Most Significant Funds**

*Fund Financial Statements*

Fund financial statements provide detailed information about the School District's major funds, not the School District as a whole. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's only major governmental fund is the General Fund.



**College Corner Local School District**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2010**

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*Governmental Funds*

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at fiscal year-end available for spending in future periods. These funds are reported on a modified cash basis. The governmental fund statements provide a detailed short-term view of the School District's general governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs.

**The School District as a Whole**

Table 1 provides a summary of the School District's net assets for fiscal year 2010 compared to fiscal year 2009 on a modified cash basis:

Table 1  
Net Assets

	<u>2010</u>	<u>2009</u>	<u>Change</u>
<b>Assets:</b>			
Equity in Pooled Cash and Cash Equivalents	\$2,641,005	\$2,325,240	\$315,765
Capital Assets	2,452,211	2,508,111	(55,900)
<i>Total Assets</i>	<u>5,093,216</u>	<u>4,833,351</u>	<u>259,865</u>
<b>Net Assets:</b>			
Invested in Capital Assets	2,452,211	2,508,111	(55,900)
Restricted	308,101	283,012	25,089
Unrestricted	2,332,904	2,042,228	290,676
<i>Total Net Assets</i>	<u>\$5,093,216</u>	<u>\$4,833,351</u>	<u>\$259,865</u>

Under the modified cash basis of accounting, no accruals for receivables or payables are recorded. The School District has elected to record capital assets, which decreased \$55,900 because of current year depreciation disbursements.

Unrestricted net assets, which are mostly composed of General Fund monies, increased \$290,676 due to the School District closely monitoring expenditures and keeping them in line with the prior fiscal year.

**College Corner Local School District**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2010**

Table 2 shows the changes in net assets for fiscal year 2010 compared to fiscal year 2009.

Table 2  
Changes in Net Assets

	2010	2009	Change
<b>Receipts:</b>			
Program Receipts:			
Charges for Services	\$165,309	\$179,920	(\$14,611)
Operating Grants and Contributions	205,406	162,047	43,359
<i>Total Program Receipts</i>	<u>370,715</u>	<u>341,967</u>	<u>28,748</u>
General Receipts:			
Property Taxes	212,663	200,921	11,742
Grants and Entitlements not Restricted to Specific Programs	568,382	644,621	(76,239)
Interest	12,590	26,404	(13,814)
Miscellaneous	125,085	105,503	19,582
<i>Total General Receipts</i>	<u>918,720</u>	<u>977,449</u>	<u>(58,729)</u>
<i>Total Receipts</i>	<u>1,289,435</u>	<u>1,319,416</u>	<u>(29,981)</u>
<b>Program Disbursements:</b>			
Instruction:			
Regular	620,117	520,713	99,404
Special	159,873	248,292	(88,419)
Vocational	6,857	0	6,857
Support Services:			
Pupils	4,147	16,409	(12,262)
Instructional Staff	8,544	12,234	(3,690)
Board of Education	20,340	18,033	2,307
Administration	79,364	76,743	2,621
Fiscal	62,720	71,586	(8,866)
Operation and Maintenance of Plant Central	45,309	23,609	21,700
	17,299	12,618	4,681
Operation of Non-Instructional Services	5,000	4,190	810
<i>Total Disbursements</i>	<u>1,029,570</u>	<u>1,004,427</u>	<u>\$25,143</u>
<i>Increase in Net Assets</i>	259,865	314,989	
<i>Net Assets at Beginning of Year</i>	<u>4,833,351</u>	<u>4,518,362</u>	
<i>Net Assets at End of Year</i>	<u>\$5,093,216</u>	<u>\$4,833,351</u>	

**College Corner Local School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2010

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**Governmental Activities**

The unique nature of taxes in Ohio creates the need to routinely seek voter approval for the School District's operations. Property taxes made up 16 percent of receipts for fiscal year 2010. Grants and entitlements not restricted to specific programs, which is composed of State foundation monies, made up 44 percent of receipts for governmental activities. Overall, revenues decreased only \$29,981 from fiscal year 2009.

Overall disbursements increased \$25,143 from fiscal year 2009. Instruction, which is the direct cost to educate students, comprises 76 percent of School District disbursements. Support services make up 23 percent of the disbursements.

Again it should be noted that the School District uses the modified cash basis of accounting which does not take into account any accruals and only includes what is disbursed during the fiscal year being reported.

**The School District's Funds**

The School District's major fund, the General Fund, is accounted for using the modified cash basis of accounting. All governmental funds had total receipts of \$1,289,435 and disbursements of \$973,670. The General Fund had an increase in fund balance of \$276,318, which represents a 13 percent increase from fiscal year 2009 due to close budget monitoring.

**General Fund Budgeting Highlights**

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During the course of fiscal year 2010, the School District revised its budget as it attempted to deal with unexpected changes in receipts and disbursements. A summary of the General Fund's original and final budgeted amounts is listed on page 14, as well as the actual amounts. A variance comparison is presented between the final budgeted amount and the actual amounts.

For the General Fund, final budget basis receipts were \$1,121,409 which was above the original estimates of \$1,108,031, a difference of only \$13,378. Actual receipts were the same as the final budgeted amount.

For the General Fund, final budget basis and actual disbursements were \$858,551, which was \$23,557 under the original estimates of \$882,108.

**College Corner Local School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2010

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**Capital Assets**

Table 3 shows fiscal year 2010 balances compared to fiscal year 2009.

Table 3  
Capital Assets (Net of Depreciation) at June 30,

	<u>2010</u>	<u>2009</u>	<u>Change</u>
Land	\$3,440	\$3,440	\$0
Building and Improvements	2,445,910	2,501,081	(55,171)
Furniture and Equipment	<u>2,861</u>	<u>3,590</u>	<u>(729)</u>
<i>Totals</i>	<u>\$2,452,211</u>	<u>\$2,508,111</u>	<u>(\$55,900)</u>

For more information on capital assets, see Note 6 of the Basic Financial Statements.

**Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Jack Mann at the College Corner Local School District, 230 Ramsey Street, College Corner, Ohio 45003.

**College Corner Local School District**  
Statement of Net Assets - Modified Cash Basis  
June 30, 2010

	Governmental Activities
<b>Assets:</b>	
Equity in Pooled Cash and Cash Equivalents	\$2,641,005
Nondepreciable Capital Assets	3,440
Depreciable Capital Assets, Net	2,448,771
<i>Total Assets</i>	5,093,216
 <b>Net Assets:</b>	
Invested in Capital Assets	2,452,211
Restricted for:	
Capital Outlay	227,150
Set-Asides	80,951
Unrestricted	2,332,904
<i>Total Net Assets</i>	\$5,093,216

See Accompanying Notes to the Basic Financial Statements

**College Corner Local School District**  
Statement of Activities - Modified Cash Basis  
For the Fiscal Year Ended June 30, 2010

	<u>Program Cash Receipts</u>			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Total Governmental Activities
<b>Governmental Activities:</b>				
Instruction:				
Regular	\$620,117	\$165,309	\$38,405	(\$416,403)
Special	159,873	0	141,995	(17,878)
Vocational	6,857	0	1,125	(5,732)
Support Services:				
Pupils	4,147	0	0	(4,147)
Instructional Staff	8,544	0	8,080	(464)
Board of Education	20,340	0	0	(20,340)
Administration	79,364	0	1,100	(78,264)
Fiscal	62,720	0	7,725	(54,995)
Operation and Maintenance of Plant	45,309	0	0	(45,309)
Central	17,299	0	6,976	(10,323)
Operation of Non-Instructional Services	5,000	0	0	(5,000)
<i>Total Governmental Activities</i>	<u>\$1,029,570</u>	<u>\$165,309</u>	<u>\$205,406</u>	<u>(658,855)</u>
 <b>General Receipts:</b>				
Property Taxes Levied for:				
General Purposes				177,765
Capital Outlay				34,898
Grants and Entitlements not Restricted to				
Specific Programs				568,382
Interest				12,590
Miscellaneous				125,085
<i>Total General Receipts</i>				<u>918,720</u>
 <i>Change in Net Assets</i>				 259,865
 <i>Net Assets at Beginning of Year</i>				 <u>4,833,351</u>
 <i>Net Assets at End of Year</i>				 <u>\$5,093,216</u>

See Accompanying Notes to the Basic Financial Statements

**College Corner Local School District**  
Statement of Assets and Fund Balances - Modified Cash Basis  
Governmental Funds  
June 30, 2010

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>			
Equity in Pooled Cash and Cash Equivalents	\$2,333,036	\$227,018	\$2,560,054
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	80,951	0	80,951
<i>Total Assets</i>	<u>\$2,413,987</u>	<u>\$227,018</u>	<u>\$2,641,005</u>
<b>Fund Balances:</b>			
Reserved for Encumbrances	\$19,950	\$0	\$19,950
Reserved for Textbooks and Instructional Materials	80,951	0	80,951
Unreserved, Undesignated (Deficit), Reported in:			
General Fund	2,313,086	0	2,313,086
Special Revenue Funds	0	(132)	(132)
Capital Projects Funds	0	227,150	227,150
<i>Total Fund Balances</i>	<u>\$2,413,987</u>	<u>\$227,018</u>	<u>\$2,641,005</u>

See Accompanying Notes to the Basic Financial Statements

**College Corner Local School District**  
Reconciliation of Total Governmental Fund Balances to  
Net Assets of Governmental Activities - Modified Cash Basis  
June 30, 2010

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**Total Governmental Fund Balances** \$2,641,005

**Amounts reported for governmental activities in the  
statement of net assets are different because:**

Capital assets used in governmental activities are not financial  
resources and therefore are not reported in the funds. These assets  
consist of:

Land	3,440	
Building and Improvements	2,880,638	
Furniture and Equipment	5,685	
Accumulated Depreciation	(437,552)	
Total Capital Assets	<u>2,452,211</u>	<u>2,452,211</u>

*Net Assets of Governmental Activities* \$5,093,216

See Accompanying Notes to the Basic Financial Statements



**College Corner Local School District**  
Statement of Cash Receipts, Disbursements and Changes in  
Fund Balances - Modified Cash Basis  
Governmental Funds  
For the Fiscal Year Ended June 30, 2010

	General	Other Governmental Funds	Total Governmental Funds
<b>Receipts:</b>			
Property Taxes	\$177,765	\$34,898	\$212,663
Tuition and Fees	98,309	0	98,309
Interest	12,590	0	12,590
Intergovernmental	640,660	133,128	773,788
Rent	67,000	0	67,000
Miscellaneous	125,085	0	125,085
<i>Total Receipts</i>	<u>1,121,409</u>	<u>168,026</u>	<u>1,289,435</u>
<b>Disbursements:</b>			
Current:			
Instruction:			
Regular	526,446	38,500	564,946
Special	89,031	70,842	159,873
Vocational	6,857	0	6,857
Support Services:			
Pupils	4,147	0	4,147
Instructional Staff	428	8,116	8,544
Board of Education	20,340	0	20,340
Administration	78,092	1,100	79,192
Fiscal	61,262	901	62,163
Operation and Maintenance of Plant	45,309	0	45,309
Central	1,689	15,610	17,299
Operation of Non-Instructional Services	5,000	0	5,000
<i>Total Disbursements</i>	<u>838,601</u>	<u>135,069</u>	<u>973,670</u>
<i>Excess of Receipts Over Disbursements</i>	<u>282,808</u>	<u>32,957</u>	<u>315,765</u>
<b>Other Financing Sources (Uses):</b>			
Transfers - In	0	6,490	6,490
Transfers - Out	(6,490)	0	(6,490)
<i>Total Other Financing Sources (Uses)</i>	<u>(6,490)</u>	<u>6,490</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	276,318	39,447	315,765
<i>Fund Balances at Beginning of Year</i>	<u>2,137,669</u>	<u>187,571</u>	<u>2,325,240</u>
<i>Fund Balances at End of Year</i>	<u><u>\$2,413,987</u></u>	<u><u>\$227,018</u></u>	<u><u>\$2,641,005</u></u>

See Accompanying Notes to the Basic Financial Statements

**College Corner Local School District**  
Reconciliation of the Statement of Cash Receipts, Disbursements and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities - Modified Cash Basis  
For the Fiscal Year Ended June 30, 2010

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**Net Change in Fund Balances - Total Governmental Funds** \$315,765

**Amounts reported for governmental activities in the  
statement of activities are different because:**

Governmental funds report capital outlays as disbursements.  
However, in the statement of activities, the cost of those  
assets is allocated over their estimated useful lives as  
depreciation disbursements. In the current period,  
these amounts are:

Depreciation Disbursements	(55,900)
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<i>Change in Net Assets of Governmental Activities</i>	\$259,865
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See Accompanying Notes to the Basic Financial Statements

**College Corner Local School District**  
Statement of Receipts, Disbursements and  
Changes in Fund Balance - Budget and Actual (Budget Basis)  
General Fund  
For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Favorable
	Original	Final		
<b>Receipts:</b>				
Property Taxes	\$166,200	\$177,765	\$177,765	\$0
Tuition and Fees	107,601	98,309	98,309	0
Interest	25,184	12,590	12,590	0
Intergovernmental	646,560	640,660	640,660	0
Rent	67,000	67,000	67,000	0
Miscellaneous	95,486	125,085	125,085	0
<i>Total Receipts</i>	<u>1,108,031</u>	<u>1,121,409</u>	<u>1,121,409</u>	<u>0</u>
<b>Disbursements:</b>				
Current:				
Instruction:				
Regular	668,321	526,446	526,446	0
Special	0	89,031	89,031	0
Vocational	0	6,857	6,857	0
Support Services:				
Pupils	16,500	4,147	4,147	0
Instructional Staff	534	428	428	0
Board of Education	23,050	20,340	20,340	0
Administration	81,113	78,092	78,092	0
Fiscal	60,100	81,212	81,212	0
Operation and Maintenance of Plant	24,900	45,309	45,309	0
Central	3,090	1,689	1,689	0
Operation of Non-Instructional Services	4,500	5,000	5,000	0
<i>Total Disbursements</i>	<u>882,108</u>	<u>858,551</u>	<u>858,551</u>	<u>0</u>
<i>Excess of Receipts Over Disbursements</i>	225,923	262,858	262,858	0
<b>Other Financing Uses:</b>				
Transfers - Out	(100)	(6,490)	(6,490)	0
<i>Net Change in Fund Balance</i>	225,823	256,368	256,368	0
<i>Fund Balance at Beginning of Year</i>	2,129,169	2,129,169	2,129,169	0
<i>Prior Year Encumbrances Appropriated</i>	8,500	8,500	8,500	0
<i>Fund Balance at End of Year</i>	<u>\$2,363,492</u>	<u>\$2,394,037</u>	<u>\$2,394,037</u>	<u>\$0</u>

See Accompanying Notes to the Basic Financial Statements

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**College Corner Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

The College Corner Local School District, Preble County, Ohio (the “School District”), is a political body incorporated and established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The College Corner Local School District is a local district as defined by Section 3311.03 of the Ohio Revised Code. The School District operates under a five member elected Board of Education and is responsible for the provision of public education to residents of the School District.

Due to the location of the College Corner Local School District, situated on the Ohio-Indiana State line, the School District is administered by a Joint Board. On July 1, 1995, a reorganization agreement between the College Corner Local School District and the Union County School Corporation (an Indiana school district) became effective. Under this agreement, the two school districts became the Union County-College Corner Joint School District. The Joint School District is administered by a Joint Board, comprised of nine members. Seven members are school board members from the Union County School Corporation and the remaining two members are from the College Corner Local School District. The reorganization agreement may be terminated between any two school years by the mutual agreement of both the Union County School Corporation and the College Corner Local School District.

The Joint Board has the authority to set the annual budget of the Joint School District. In addition, the Joint Board has the duty and power to operate and establish policies for the Joint School District in accordance with federal law and the laws of the State of Indiana to the fullest extent possible. The Joint Board is to follow Indiana law exclusively, unless expressly provided for in the reorganization agreement. The local Board of Education of the College Corner Local School District has authority over issues pertaining to tax rates for revenue collected from Ohio taxpayers and personnel working directly for the local Board of Education.

With regard to financial management, according to the reorganization agreement, the Union County School Corporation is the “administering” district. The administering district is the district that has been delegated the responsibility to maintain the books and records, issue contracts, and perform day-to-day operations. The College Corner Local School District makes payments to the Union County School Corporation. The College Corner Local School District keeps a record of just its transactions in its accounting system maintained by the Southwest Ohio Computer Association. The School District has a five year employment contract with the Superintendent, who is employed part-time and does not earn any type of leave or receive any insurance benefits.

*Reporting Entity:*

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For College Corner Local School District, this includes general operations and student related activities of the School District.

**College Corner Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010  
(Continued)

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**  
(continued)

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. The School District has no component units.

The School District participates in one jointly governed organization, the Southwest Ohio Computer Association (Note 10).

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

As discussed further in Section C of Note 2, these financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America. Generally accepted accounting principles (GAAP) include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The more significant of the School District's accounting policies are described below.

**A. Basis of Presentation**

The school district's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

*Government-wide Financial Statements:*

The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government. The government-wide statements usually distinguish between those activities that are governmental and those that are business-type. The School District, however, does not have any activities which are presented as business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions.

**College Corner Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010  
(Continued)

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

The statement of net assets presents the cash balance and capital assets of the governmental activities of the School District at fiscal year-end. The statement of activities compares disbursements with program receipts for each function of the School District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the government is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a modified cash basis or draws from the School District's general receipts.

*Fund Financial Statements:*

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental fund financial statements is on major funds rather than reporting by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

**B. Fund Accounting**

The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. All funds of the School District are classified as governmental funds.

*Governmental Funds:*

The School District classifies funds financed primarily from taxes, intergovernmental receipts (e.g., grants), and other non-exchange transactions as governmental funds. The following is the School District's major governmental fund:

*General Fund* - The General Fund is the operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the School District for any purpose provided it is expended or transferred according to the general laws of Ohio.

The other governmental funds of the School District account for grants and other resources whose use is restricted to a particular purpose.

**College Corner Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010  
(Continued)

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**C. Basis of Accounting**

The School District's financial statements are prepared using the modified cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the School District's financial records and reported in the financial statements when cash is received rather than when earned, and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the School District are described in the appropriate section in this note.

As a result of the use of this modified cash basis of accounting, certain assets and their related receipts (such as accounts receivable and revenues for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

**D. Budgetary Process**

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the Board. The legal level of control has been established by the Board at the fund level. The Treasurer has been authorized to allocate Board appropriations to the function and object level within each fund.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in receipts are identified by the Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Board. Prior to fiscal year-end, the School District requested and received an amended certificate of estimated resources that reflected actual revenue for the fiscal year.

The appropriations resolution is subject to amendment by the board throughout the fiscal year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriations resolution for that fund that covered the entire fiscal year, including amounts automatically carried forward from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year, including all supplemental appropriations. Before fiscal year-end, the School District requested and received a final appropriations resolution that reflected actual disbursements for the fiscal year in all funds.



**College Corner Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010  
(Continued)

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**E. Cash and Investments**

To improve cash management, cash received by the School District is pooled and invested. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Interest in the pool is presented as “Equity in Pooled Cash and Cash Equivalents” on the financial statements.

During fiscal year 2010, the School District’s investments were limited to STAROhio. STAROhio is an investment pool managed by the State Treasurer’s Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio’s share price which is the price the investment could be sold for on June 30, 2010.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of investment earnings. Investment earnings credited to the General Fund during fiscal year 2010 were \$12,590, which included \$1,060 assigned from other School District funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents.

**F. Restricted Assets**

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets in the General Fund represent amounts required by State statute to be set aside for the purchase of textbooks and instructional materials.

**G. Capital Assets**

All capital assets of the School District are general capital assets. General capital assets result from disbursements in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

**College Corner Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010  
(Continued)

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

Capital assets are capitalized at cost (or estimated historical cost which is determined by indexing the current replacement cost back to the year of acquisition) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their fair market values as of the date received. The School District does not maintain a capitalization threshold. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets, except land, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Building and Improvements	50 years
Furniture and Equipment	5-20 years

**H. Employer Contributions to Cost-Sharing Pension Plans**

The School District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**I. Net Assets**

Net assets invested in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. The School District has no debt. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The School District's policy is to first apply restricted resources when a cash disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

**College Corner Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010  
(Continued)

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**J. Fund Balance Reserves**

The School District reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances and textbooks and instructional materials. The reserve for textbooks and instructional materials represents money required to be set aside by State statute for the purchase of textbooks and instructional materials.

**K. Internal Activity**

Transfers within governmental activities are eliminated on the government-wide financial statements.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

**L. Estimates**

The modified cash basis of accounting used by the School District requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation disbursements); accordingly, actual results could differ from those estimates.

**NOTE 3 - BUDGETARY BASIS OF ACCOUNTING**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The statement of receipts, disbursements and changes in fund balance – budget and actual (budget basis) presented for the General Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the modified cash basis are outstanding year-end encumbrances treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis).

**College Corner Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010  
(Continued)

**NOTE 3 - BUDGETARY BASIS OF ACCOUNTING** (continued)

The following table summarizes the adjustment necessary to reconcile the modified cash basis statement to the budgetary basis statement for the General Fund.

	<u>General</u>
Modified Cash Basis	\$276,318
Encumbrances	<u>(19,950)</u>
Budget Basis	<u><u>\$256,368</u></u>

**NOTE 4 - DEPOSITS AND INVESTMENTS**

Monies held by the School District are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the School District treasury. Active monies must be maintained either as cash in the School District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit, or by savings or deposit accounts, including passbook accounts.

Interim monies held by the School District may be deposited or invested in the following securities:

1. United States Treasury notes, bills, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

**College Corner Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010  
(Continued)

**NOTE 4 - DEPOSITS AND INVESTMENTS** (continued)

3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAROhio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Investments may only be made through specified dealers and institutions.

**A. Deposits**

Custodial credit risk for deposits is the risk that in the event of bank failure, the College Corner Local School District will not be able to recover deposits or collateral securities that are in possession of an outside party. At fiscal year-end, \$54,765 of the School District's bank balance of \$1,297,288 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's agent or trust department, but not in the name of the pool.

The School District has no policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or protected by eligible securities pledged to and deposited either with the School District or qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least 105 percent of deposits being secured.

**College Corner Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010  
(Continued)

**NOTE 4 - DEPOSITS AND INVESTMENTS** (continued)

**B. Investments**

As of June 30, 2010 the School District only had investments in STAROhio in the amount of \$1,373,621. The average maturity of STAROhio is 56 days.

*Interest Rate Risk:*

The School District's investment policy follows State statute, which requires that an investment mature within five years of the date of purchase, unless matched to a specific obligation or debt of the School District, and that an investment must be purchased with the expectation that it will be held to maturity.

*Credit Risk:*

STAROhio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no investment policy that addresses credit risk.

**NOTE 5 - PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis while the School District's fiscal year runs from July through June. First half tax collections are received by the School District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar year 2010 represents collections of calendar year 2009 taxes. Real property taxes received in calendar year 2010 were levied after April 1, 2009, on the assessed value listed as of January 1, 2009, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

**College Corner Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010  
(Continued)

**NOTE 5 - PROPERTY TAXES** (continued)

Public utility property tax revenue received in calendar year 2010 represents collections of calendar year 2009 taxes. Public utility real and tangible personal property taxes received in calendar year 2010 became a lien December 31, 2008, were levied after April 1, 2009 and are collected in calendar year 2010 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar year 2010 (other than public utility property tax) represents the collection of 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing and equipment, furniture and fixtures is no longer levied and collected. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after April 1, 2009, on the value as of December 31, 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Butler and Preble Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the counties by June 30, 2010, are available to finance fiscal year 2010 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

The assessed values upon which the fiscal year 2010 taxes were collected are:

	2009 Second- Half Collections		2010 First- Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$9,690,010	94%	\$9,698,170	94%
Public Utility Personal	652,370	6%	651,300	6%
Total	<u>\$10,342,380</u>	<u>100%</u>	<u>\$10,349,470</u>	<u>100%</u>
Tax Rate per \$1,000 of Assessed Valuation	\$32.10		\$32.10	

**College Corner Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010  
(Continued)

**NOTE 6 - CAPITAL ASSETS**

Capital assets activity for the fiscal year ended June 30, 2010, was as follows:

<b>Governmental Activities</b>	<u>Balance 6/30/2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/2010</u>
Capital Assets, not Being Depreciated:				
Land	\$3,440	\$0	\$0	\$3,440
Capital Assets, Being Depreciated:				
Building and Improvements	2,880,638	0	0	2,880,638
Furniture and Equipment	5,685	0	0	5,685
Total Capital Assets, Being Depreciated	<u>2,886,323</u>	<u>0</u>	<u>0</u>	<u>2,886,323</u>
Less Accumulated Depreciation:				
Building and Improvements	(379,557)	(55,171)	0	(434,728)
Furniture and Equipment	(2,095)	(729)	0	(2,824)
Total Accumulated Depreciation	<u>(381,652)</u>	<u>(55,900) *</u>	<u>0</u>	<u>(437,552)</u>
Capital Assets, Being Depreciated, Net	<u>2,504,671</u>	<u>(55,900)</u>	<u>0</u>	<u>2,448,771</u>
Governmental Activities Capital Assets, Net	<u>\$2,508,111</u>	<u>(\$55,900)</u>	<u>\$0</u>	<u>\$2,452,211</u>

\* Depreciation disbursement was charged to governmental functions as follows:

Instruction:	
Regular	\$55,171
Support Services:	
Administration	172
Fiscal	557
Total Depreciation	<u>\$55,900</u>

**NOTE 7 - RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2010, the School District contracted with Indiana Insurance for general liability, sexual misconduct and molestation liability, and school leaders errors and omissions liability.

Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There has been no significant reduction in insurance coverage from the prior fiscal year.



**College Corner Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010  
(Continued)

**NOTE 8 - DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

Plan Description – The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2010, 12.78 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2010, 2009, and 2008 were \$9,672, \$17,760, and \$10,900, respectively; 100 percent has been contributed for all three fiscal years.

**B. State Teachers Retirement System of Ohio**

Plan Description – The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad Street, Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio website at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

**College Corner Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010  
(Continued)

**NOTE 8 - DEFINED BENEFIT PENSION PLANS** (continued)

The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years of credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – For the fiscal year ended June 30, 2010, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2010, 2009, and 2008 were \$18,571, \$51,720, and \$44,585, respectively; 100 percent has been contributed for all three fiscal years. There were no contributions to the DC and Combined Plans for fiscal year 2010 by the School District.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2010, two members of the Board of Education have elected Social Security. The contribution rate is 6.2 percent of wages.

**College Corner Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010  
(Continued)

**NOTE 9 - POST-EMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

Plan Description – The School District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by SERS based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2010, 0.46 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2010, this amount was \$35,800.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The School District's contributions for health care for the fiscal years ended June 30, 2010, 2009, and 2008 were \$1,491, \$9,271, and \$6,117, respectively; 100 percent has been contributed for all three fiscal years.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare Part B Fund. For 2010, this actuarially required allocation was 0.76 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2010, 2009, and 2008 were \$575, \$1,454, and \$785, respectively; 100 percent has been contributed for all three fiscal years.

**College Corner Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010  
(Continued)

**NOTE 9 - POST-EMPLOYMENT BENEFITS** (continued)

**B. State Teachers Retirement System of Ohio**

Plan Description – The School District contributes to the cost-sharing, multiple employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians’ fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post employment health care may be deducted from employer contributions. For 2010, STRS Ohio allocated employer contributions equal to one percent of covered payroll to the Health Care Stabilization Fund. The School District’s contributions for health care for the fiscal years ended June 30, 2010, 2009, and 2008 were \$1,429, \$3,978, and \$3,430, respectively; 100 percent has been contributed for all three fiscal years.

**NOTE 10 - JOINTLY GOVERNED ORGANIZATION**

**Southwest Ohio Computer Association**

The School District is a participant in the Southwest Ohio Computer Association (SWOCA), which is a computer consortium. SWOCA is an association of public school districts within the boundaries of Butler, Warren, and Preble Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of SWOCA consists of one representative from each district plus one representative from the fiscal agent. The School District paid SWOCA \$3,889 for membership and services during the fiscal year. Financial information can be obtained from K. Michael Crumley, Executive Director of SWOCA at 3607 Hamilton-Middletown Road, Hamilton, Ohio 45011.

**College Corner Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010  
(Continued)

**NOTE 11 - SET-ASIDE CALCULATIONS**

The School District is required by State statute to annually set aside, in the General Fund, an amount based on a statutory formula for the purchase of textbooks and instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by fiscal year-end or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year-end and carried forward to be used for the same purposes in future fiscal years.

The following cash basis information describes the change in the fiscal year-end set-aside amounts for budget stabilization, textbooks and instructional materials, and capital improvements. Disclosure of this information is required by State statute.

	<u>Budget Stabilization</u>	<u>Textbooks and Instructional Materials</u>	<u>Capital Improvements</u>
Set-aside Reserve Balance as of			
June 30, 2009	\$14,490	\$80,951	\$0
Current Fiscal Year Set-aside Requirement	0	19,088	19,088
Qualifying Disbursements	(14,490)	(19,088)	0
Current Fiscal Year Offsets	<u>0</u>	<u>0</u>	<u>(34,898)</u>
Totals	<u>\$0</u>	<u>\$80,951</u>	<u>(\$15,810)</u>
Set-aside Reserve Balance as of			
June 30, 2010	<u>\$0</u>	<u>\$80,951</u>	<u>\$0</u>

The School District had qualifying disbursements and offsets during the fiscal year that reduced the capital improvements amount below zero. This extra amount may not be used to reduce the set-aside requirements in future fiscal years. The total reserve balance for the set-asides at the end of the fiscal year was \$80,951.

**NOTE 12 - CONTINGENCIES**

**A. Grants**

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2010.

**College Corner Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010  
(Continued)

**NOTE 12 - CONTINGENCIES** (continued)

**B. Litigation**

The School District is not currently party to any legal proceedings.

**NOTE 13 - COMPLIANCE**

Ohio Administrative Code, Section 117-2-03 (B), requires the School District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the School District prepared its financial statements on a modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, net assets/fund balances, and disclosures that, while material, cannot be determined at this time. The School District can be fined and various other administrative remedies may be taken against the School District.

Contrary to Ohio Revised Code, Section 5705.41(D), the School District did not properly certify all expenditures.

**NOTE 14 - INTERFUND ACTIVITY**

The General Fund had transfers-out to Other Governmental Funds in the amounts of \$6,490 during fiscal year 2010. Transfers are used to move General Fund revenues that are used to subsidize various programs in other funds.

**College Corner Local School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2009

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The discussion and analysis of College Corner Local School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2009, within the limitations of the School District's modified cash basis of accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

**Financial Highlights**

Key financial highlights for fiscal year 2009 are as follows:

- In total, net assets increased \$314,989 which represents a seven percent increase from fiscal year 2008.
- General receipts accounted for \$977,449 or 74 percent of all receipts. Program specific receipts accounted for \$341,967 or 26 percent of total receipts of \$1,319,416.
- The School District had \$1,004,427 in disbursements; only \$341,967 of these disbursements were offset by program specific charges for services, grants or contributions. General receipts (primarily taxes and entitlements) were \$977,449, which were adequate to provide for these programs.
- The General Fund had \$1,162,888 in receipts and \$825,328 in disbursements. The General Fund's balance increased \$337,419 over fiscal year 2008.

**Using this Annual Financial Report**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the School District's modified cash basis of accounting.

*Report Components*

The statement of net assets and the statement of activities provide information about the cash activities of the School District as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the School District as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the basic financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanations and details regarding the information reported in the statements.

**College Corner Local School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2009

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*Basis of Accounting*

The basis of accounting is a set of guidelines that determines when financial events are recorded. The School District has elected to present its financial statements on a modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the School District's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the modified cash basis of accounting.

**Reporting the School District as a Whole**

*Statement of Net Assets and Statement of Activities – Modified Cash Basis*

The statement of net assets and the statement of activities reflect how the School District did financially during fiscal year 2009, within the limitations of modified cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the School District at fiscal year-end. The statement of activities compares cash disbursements with program cash receipts for each governmental program. Program cash receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program cash receipts. The comparison of cash disbursements with program cash receipts identifies how each governmental program draws from the School District's general receipts.

These statements report the School District's cash position and the changes in cash position. Keeping in mind the limitations of the modified cash basis of accounting, you can think of these changes as one way to measure the School District's financial health. Over time, increases or decreases in the School District's cash position is one indicator of whether the School District's financial health is improving or deteriorating. When evaluating the School District's financial condition, you should also consider other nonfinancial factors as well such as the School District's property tax base, the condition of the School District's capital assets, the extent of the School District's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.



**College Corner Local School District**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2009**

**Reporting the School District's Most Significant Funds**

*Fund Financial Statements*

Fund financial statements provide detailed information about the School District's major funds, not the School District as a whole. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's only major governmental fund is the General Fund.

*Governmental Funds*

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at fiscal year-end available for spending in future periods. These funds are reported on a modified cash basis. The governmental fund statements provide a detailed short-term view of the School District's general governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs.

**The School District as a Whole**

Table 1 provides a summary of the School District's net assets for fiscal year 2009 compared to fiscal year 2008 on a modified cash basis:

Table 1  
Net Assets

	2009	2008	Change
<b>Assets:</b>			
Equity in Pooled Cash and Cash Equivalents	\$2,325,240	\$1,954,513	\$370,727
Capital Assets	2,508,111	2,563,849	(55,738)
<i>Total Assets</i>	4,833,351	4,518,362	314,989
 <b>Net Assets:</b>			
Invested in Capital Assets	2,508,111	2,563,849	(55,738)
Restricted	283,012	256,714	26,298
Unrestricted	2,042,228	1,697,799	344,429
<i>Total Net Assets</i>	\$4,833,351	\$4,518,362	\$314,989

Under the modified cash basis of accounting, no accruals for receivables or payables are recorded. The School District has elected to record capital assets, which decreased \$55,738 because of current year depreciation disbursements.

**College Corner Local School District**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2009**

Unrestricted net assets, which are mostly composed of General Fund monies, increased 20 percent because of a decrease in regular instruction disbursements from the prior fiscal year. See page six for a further explanation.

Table 2 shows the changes in net assets for fiscal year 2009 compared to fiscal year 2008.

Table 2  
Changes in Net Assets

	2009	2008	Change
<b>Receipts:</b>			
Program Receipts:			
Charges for Services	\$179,920	\$162,445	\$17,475
Operating Grants and Contributions	162,047	112,824	49,223
Capital Grants and Contributions	0	2,646	(2,646)
<i>Total Program Receipts</i>	<u>341,967</u>	<u>277,915</u>	<u>64,052</u>
General Receipts:			
Property Taxes	200,921	216,897	(15,976)
Grants and Entitlements not Restricted to Specific Programs	644,621	657,914	(13,293)
Interest	26,404	69,379	(42,975)
Miscellaneous	105,503	87,411	18,092
<i>Total General Receipts</i>	<u>977,449</u>	<u>1,031,601</u>	<u>(54,152)</u>
<i>Total Receipts</i>	<u>1,319,416</u>	<u>1,309,516</u>	<u>9,900</u>
<b>Program Disbursements:</b>			
Instruction:			
Regular	520,713	725,762	(205,049)
Special	248,292	175,956	72,336
Support Services:			
Pupils	16,409	3,741	12,668
Instructional Staff	12,234	78,365	(66,131)
Board of Education	18,033	38,891	(20,858)
Administration	76,743	75,799	944
Fiscal	71,586	98,843	(27,257)
Operation and Maintenance of Plant Central	12,618	11,063	1,555
Operation of Non-Instructional Services	4,190	7,000	(2,810)
<i>Total Disbursements</i>	<u>1,004,427</u>	<u>1,248,020</u>	<u>(\$243,593)</u>
<i>Increase in Net Assets</i>	314,989	61,496	
<i>Net Assets at Beginning of Year</i>	<u>4,518,362</u>	<u>4,456,866</u>	
<i>Net Assets at End of Year</i>	<u>\$4,833,351</u>	<u>\$4,518,362</u>	

**College Corner Local School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2009

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**Governmental Activities**

The unique nature of taxes in Ohio creates the need to routinely seek voter approval for the School District's operations. Property taxes made up 15 percent of receipts for fiscal year 2009. Grants and entitlements not restricted to specific programs, which is composed of State foundation monies, made up 49 percent of receipts for governmental activities. Overall, revenues increased only \$9,900 from fiscal year 2008.

Overall disbursements decreased by \$243,593 from fiscal year 2008, or 20 percent. Instruction, which is the direct cost to educate students, comprises 77 percent of School District disbursements. Support services make up 23 percent of the disbursements.

The large decrease in disbursements can be attributed to two things that happened in fiscal year 2008 that did not occur during fiscal year 2009. The first is that the School District was required to pay the Union County-College Corner Joint School District two years' worth of apportionment payments as determined by the Indiana State Board of Accountants. The second reason was that the School District bought out a former employee's contract.

**The School District's Funds**

The School District's major fund is accounted for using the modified cash basis of accounting. All governmental funds had total receipts of \$1,319,416 and disbursements of \$948,689. The General Fund had an increase in fund balance of \$337,419 which represents a 19 percent increase from fiscal year 2008 due to close budget monitoring.

**General Fund Budgeting Highlights**

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During the course of fiscal year 2009 the School District revised its budget as it attempted to deal with unexpected changes in receipts and disbursements. A summary of the General Fund's original and final budgeted amounts is listed on page 14, as well as the actual amounts. A variance comparison is presented between the final budgeted amount and the actual amounts.

For the General Fund, final budget basis receipts were \$1,162,888 which was below the original estimates of \$1,164,338, a difference of only \$1,450. Actual receipts were the same as the final budgeted amount.

For the General Fund, final budget basis and actual disbursements were \$833,828 which was \$11,809 above the original estimates of \$822,019.

**College Corner Local School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2009

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**Capital Assets**

Table 3 shows fiscal year 2009 balances compared to fiscal year 2008.

Table 3  
Capital Assets (Net of Depreciation) at June 30,

	<u>2009</u>	<u>2008</u>	<u>Change</u>
Land	\$3,440	\$3,440	\$0
Building and Improvements	2,501,081	2,556,252	(55,171)
Furniture and Equipment	<u>3,590</u>	<u>4,157</u>	<u>(567)</u>
<i>Totals</i>	<u><u>\$2,508,111</u></u>	<u><u>\$2,563,849</u></u>	<u><u>(\$55,738)</u></u>

For more information on capital assets, see Note 6 of the Basic Financial Statements.

**Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Jack Mann at the College Corner Local School District, 230 Ramsey Street, College Corner, Ohio 45003.

**College Corner Local School District**  
Statement of Net Assets - Modified Cash Basis  
June 30, 2009

	Governmental Activities
<b>Assets:</b>	
Equity in Pooled Cash and Cash Equivalents	\$2,325,240
Nondepreciable Capital Assets	3,440
Depreciable Capital Assets, Net	2,504,671
<i>Total Assets</i>	4,833,351
<b>Net Assets:</b>	
Invested in Capital Assets	2,508,111
Restricted for:	
Capital Outlay	185,428
Other Purposes	2,143
Set-Asides	95,441
Unrestricted	2,042,228
<i>Total Net Assets</i>	\$4,833,351

See Accompanying Notes to the Basic Financial Statements

**College Corner Local School District**  
Statement of Activities - Modified Cash Basis  
For the Fiscal Year Ended June 30, 2009

		Program Cash Receipts	Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services	Operating Grants and Contributions
			Total Governmental Activities
<b>Governmental Activities:</b>			
Instruction:			
Regular	\$520,713	\$179,920	\$117
Special	248,292	0	137,549
Support Services:			
Pupils	16,409	0	0
Instructional Staff	12,234	0	9,469
Board of Education	18,033	0	0
Administration	76,743	0	840
Fiscal	71,586	0	6,072
Operation and Maintenance of Plant	23,609	0	0
Central	12,618	0	8,000
Operation of Non-Instructional Services	4,190	0	0
<i>Total Governmental Activities</i>	\$1,004,427	\$179,920	\$162,047
 <b>General Receipts:</b>			
Property Taxes Levied for:			
General Purposes			166,568
Capital Outlay			34,353
Grants and Entitlements not Restricted to			
Specific Programs			644,621
Interest			26,404
Miscellaneous			105,503
<i>Total General Receipts</i>			977,449
 <i>Change in Net Assets</i>			 314,989
 <i>Net Assets at Beginning of Year - Restated</i> <i>(See Note 15)</i>			 4,518,362
 <i>Net Assets at End of Year</i>			 \$4,833,351

See Accompanying Notes to the Basic Financial Statements

**College Corner Local School District**  
Statement of Assets and Fund Balances - Modified Cash Basis  
Governmental Funds  
June 30, 2009

	General	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>			
Equity in Pooled Cash and Cash Equivalents	\$2,042,228	\$187,571	\$2,229,799
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	95,441	0	95,441
<i>Total Assets</i>	<u>\$2,137,669</u>	<u>\$187,571</u>	<u>\$2,325,240</u>
<b>Fund Balances:</b>			
Reserved for Encumbrances	\$8,500	\$0	\$8,500
Reserved for Budget Stabilization	14,490	0	14,490
Reserved for Textbooks and Instructional Materials	80,951	0	80,951
Unreserved, Undesignated, Reported in:			
General Fund	2,033,728	0	2,033,728
Special Revenue Funds	0	2,143	2,143
Capital Projects Funds	0	185,428	185,428
<i>Total Fund Balances</i>	<u>\$2,137,669</u>	<u>\$187,571</u>	<u>\$2,325,240</u>

See Accompanying Notes to the Basic Financial Statements

**College Corner Local School District**  
 Reconciliation of Total Governmental Fund Balances to  
 Net Assets of Governmental Activities - Modified Cash Basis  
 June 30, 2009

**Total Governmental Fund Balances** \$2,325,240

**Amounts reported for governmental activities in the  
 statement of net assets are different because:**

Capital assets used in governmental activities are not financial  
 resources and therefore are not reported in the funds. These assets  
 consist of:

Land	3,440	
Building and Improvements	2,880,638	
Furniture and Equipment	5,685	
Accumulated Depreciation	(381,652)	
Total Capital Assets	2,508,111	2,508,111

*Net Assets of Governmental Activities* \$4,833,351

See Accompanying Notes to the Basic Financial Statements



**College Corner Local School District**  
Statement of Cash Receipts, Disbursements and Changes in  
Fund Balances - Modified Cash Basis  
Governmental Funds  
For the Fiscal Year Ended June 30, 2009

	General	Other Governmental Funds	Total Governmental Funds
<b>Receipts:</b>			
Property Taxes	\$166,568	\$34,353	\$200,921
Tuition and Fees	112,920	0	112,920
Interest	26,404	0	26,404
Intergovernmental	684,493	122,175	806,668
Rent	67,000	0	67,000
Miscellaneous	105,503	0	105,503
<i>Total Receipts</i>	<u>1,162,888</u>	<u>156,528</u>	<u>1,319,416</u>
<b>Disbursements:</b>			
Current:			
Instruction:			
Regular	465,425	117	465,542
Special	148,554	99,738	248,292
Support Services:			
Pupils	16,409	0	16,409
Instructional Staff	554	11,680	12,234
Board of Education	18,033	0	18,033
Administration	74,670	2,063	76,733
Fiscal	70,180	849	71,029
Operation and Maintenance of Plant	23,609	0	23,609
Central	3,704	8,914	12,618
Operation of Non-Instructional Services	4,190	0	4,190
<i>Total Disbursements</i>	<u>825,328</u>	<u>123,361</u>	<u>948,689</u>
<i>Excess of Receipts Over Disbursements</i>	<u>337,560</u>	<u>33,167</u>	<u>370,727</u>
<b>Other Financing Sources (Uses):</b>			
Transfers - In	0	141	141
Transfers - Out	(141)	0	(141)
<i>Total Other Financing Sources (Uses)</i>	<u>(141)</u>	<u>141</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	337,419	33,308	370,727
<i>Fund Balances at Beginning of Year</i>	<u>1,800,250</u>	<u>154,263</u>	<u>1,954,513</u>
<i>Fund Balances at End of Year</i>	<u><u>\$2,137,669</u></u>	<u><u>\$187,571</u></u>	<u><u>\$2,325,240</u></u>

See Accompanying Notes to the Basic Financial Statements

**College Corner Local School District**  
 Reconciliation of the Statement of Cash Receipts, Disbursements and Changes  
 in Fund Balances of Governmental Funds to the Statement of Activities - Modified Cash Basis  
 For the Fiscal Year Ended June 30, 2009

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**Net Change in Fund Balances - Total Governmental Funds** \$370,727

**Amounts reported for governmental activities in the  
 statement of activities are different because:**

Governmental funds report capital outlays as disbursements.  
 However, in the statement of activities, the cost of those  
 assets is allocated over their estimated useful lives as  
 depreciation disbursements. In the current period,  
 these amounts are:

Capital Outlay	149	
Depreciation Disbursements	(55,887)	
Excess of Depreciation Disbursements Over Capital Outlay	<u>          </u>	<u>(55,738)</u>

*Change in Net Assets of Governmental Activities* \$314,989

See Accompanying Notes to the Basic Financial Statements

**College Corner Local School District**  
Statement of Receipts, Disbursements and  
Changes in Fund Balance - Budget and Actual (Budget Basis)  
General Fund  
For the Fiscal Year Ended June 30, 2009

	<u>Budgeted Amounts</u>		Actual	Variance with Final Budget Favorable
	<u>Original</u>	<u>Final</u>		
<b>Receipts:</b>				
Property Taxes	\$177,000	\$166,568	\$166,568	\$0
Tuition and Fees	92,437	112,920	112,920	0
Interest	48,448	26,404	26,404	0
Intergovernmental	674,516	684,493	684,493	0
Rent	67,000	67,000	67,000	0
Miscellaneous	104,937	105,503	105,503	0
<i>Total Receipts</i>	<u>1,164,338</u>	<u>1,162,888</u>	<u>1,162,888</u>	<u>0</u>
<b>Disbursements:</b>				
Current:				
Instruction:				
Regular	463,944	465,425	465,425	0
Special	154,264	148,554	148,554	0
Support Services:				
Pupils	3,748	16,409	16,409	0
Instructional Staff	731	554	554	0
Board of Education	22,030	18,033	18,033	0
Administration	77,607	74,670	74,670	0
Fiscal	75,356	78,680	78,680	0
Operation and Maintenance of Plant	21,239	23,609	23,609	0
Central	3,100	3,704	3,704	0
Operation of Non-Instructional Services	0	4,190	4,190	0
<i>Total Disbursements</i>	<u>822,019</u>	<u>833,828</u>	<u>833,828</u>	<u>0</u>
<i>Excess of Receipts Over Disbursements</i>	342,319	329,060	329,060	0
<b>Other Financing Uses:</b>				
Transfers - Out	<u>0</u>	<u>(141)</u>	<u>(141)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	342,319	328,919	328,919	0
<i>Fund Balance at Beginning of Year</i>	<u>1,800,250</u>	<u>1,800,250</u>	<u>1,800,250</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$2,142,569</u></u>	<u><u>\$2,129,169</u></u>	<u><u>\$2,129,169</u></u>	<u><u>\$0</u></u>

See Accompanying Notes to the Basic Financial Statements

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**College Corner Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2009

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

The College Corner Local School District, Preble County, Ohio (the “School District”), is a political body incorporated and established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The College Corner Local School District is a local district as defined by Section 3311.03 of the Ohio Revised Code. The School District operates under a five member elected Board of Education and is responsible for the provision of public education to residents of the School District.

Due to the location of the College Corner Local School District, situated on the Ohio-Indiana State line, the School District is administered by a Joint Board. On July 1, 1995, a reorganization agreement between the College Corner Local School District and the Union County School Corporation (an Indiana school district) became effective. Under this agreement, the two school districts became the Union County-College Corner Joint School District. The Joint School District is administered by a Joint Board, comprised of nine members. Seven members are school board members from the Union County School Corporation and the remaining two members are from the College Corner Local School District. The reorganization agreement may be terminated between any two school years by the mutual agreement of both the Union County School Corporation and the College Corner Local School District.

The Joint Board has the authority to set the annual budget of the Joint School District. In addition, the Joint Board has the duty and power to operate and establish policies for the Joint School District in accordance with federal law and the laws of the State of Indiana to the fullest extent possible. The Joint Board is to follow Indiana law exclusively, unless expressly provided for in the reorganization agreement. The local Board of Education of the College Corner Local School District has authority over issues pertaining to tax rates for revenue collected from Ohio taxpayers and personnel working directly for the local Board of Education.

With regard to financial management, according to the reorganization agreement, the Union County School Corporation is the “administering” district. The administering district is the district that has been delegated the responsibility to maintain the books and records, issue contracts, and perform day-to-day operations. The College Corner Local School District makes payments to the Union County School Corporation. The College Corner Local School District keeps a record of just its transactions in its accounting system maintained by the Southwestern Ohio Computer Association. The School District has a five year employment contract with the Superintendent, who is employed part-time and does not earn any type of leave or receive any insurance benefits.

*Reporting Entity:*

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For College Corner Local School District, this includes general operations and student related activities of the School District.

**College Corner Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2009  
(Continued)

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**  
(continued)

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. The School District has no component units.

The School District participates in one jointly governed organization, the Southwest Ohio Computer Association (Note 10).

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

As discussed further in Section C of Note 2, these financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America. Generally accepted accounting principles (GAAP) include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The more significant of the School District's accounting policies are described below.

**A. Basis of Presentation**

The school district's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

*Government-wide Financial Statements:*

The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government. The government-wide statements usually distinguish between those activities that are governmental and those that are business-type. The School District, however, does not have any activities which are presented as business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions.

**College Corner Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2009  
(Continued)

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

The statement of net assets presents the cash balance and capital assets of the governmental activities of the School District at fiscal year-end. The statement of activities compares disbursements with program receipts for each function of the School District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the government is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a modified cash basis or draws from the School District's general receipts.

*Fund Financial Statements:*

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental fund financial statements is on major funds rather than reporting by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

**B. Fund Accounting**

The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. All funds of the School District are classified as governmental funds.

*Governmental Funds:*

The School District classifies funds financed primarily from taxes, intergovernmental receipts (e.g., grants), and other nonexchange transactions as governmental funds. The following is the School District's major governmental fund:

*General Fund* - The General Fund is the operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the School District for any purpose provided it is expended or transferred according to the general laws of Ohio.

The other governmental funds of the School District account for grants and other resources whose use is restricted to a particular purpose.

**College Corner Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2009  
(Continued)

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**C. Basis of Accounting**

The School District's financial statements are prepared using the modified cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the School District's financial records and reported in the financial statements when cash is received rather than when earned, and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the School District are described in the appropriate section in this note.

As a result of the use of this modified cash basis of accounting, certain assets and their related receipts (such as accounts receivable and revenues for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

**D. Budgetary Process**

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the Board. The legal level of control has been established by the Board at the fund level.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in receipts are identified by the Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Board. Prior to fiscal year-end, the School District requested and received an amended certificate of estimated resources that reflected actual revenue for the fiscal year.

The appropriations resolution is subject to amendment by the board throughout the fiscal year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriations resolution for that fund that covered the entire fiscal year, including amounts automatically carried forward from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year, including all supplemental appropriations. Before fiscal year-end, the School District requested and received a final appropriations resolution that reflected actual disbursements for the fiscal year in all funds.



**College Corner Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2009  
(Continued)

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**E. Cash and Investments**

To improve cash management, cash received by the School District is pooled and invested. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Interest in the pool is presented as “Equity in Pooled Cash and Cash Equivalents” on the financial statements.

During fiscal year 2009, the School District’s investments were limited to STAROhio. STAROhio is an investment pool managed by the State Treasurer’s Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio’s share price which is the price the investment could be sold for on June 30, 2009.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of investment earnings. Investment earnings credited to the General Fund during fiscal year 2009 were \$26,404, which included \$1,989 assigned from other School District funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents.

**F. Restricted Assets**

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets in the General Fund represent amounts required by State statute to be set aside for budget stabilization and for the purchase of textbooks and instructional materials.

**G. Capital Assets**

All capital assets of the School District are general capital assets. General capital assets result from disbursements in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Assets but are not reported in the fund financial statements.

**College Corner Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2009  
(Continued)

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

All capital assets are capitalized at cost (or estimated historical cost which is determined by indexing the current replacement cost back to the year of acquisition) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their fair market values as of the date received. The School District does not maintain a capitalization threshold. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets, except land, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Building and Improvements	50 years
Furniture and Equipment	5-20 years

**H. Employer Contributions to Cost-Sharing Pension Plans**

The School District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**I. Net Assets**

Net assets invested in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. The School District has no debt. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for federal and State grants restricted to cash disbursements for specified purposes. The School District's policy is to first apply restricted resources when a cash disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

**College Corner Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2009  
(Continued)

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

**J. Fund Balance Reserves**

The School District reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances, budget stabilization, and textbooks and instructional materials. The reserve for textbooks and instructional materials represents money required to be set aside by State statute for the purchase of textbooks and instructional materials.

**K. Internal Activity**

Transfers between governmental activities on the government-wide financial statements are reported in the same manner as general receipts.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented in the financial statements.

**L. Estimates**

The modified cash basis of accounting used by the School District requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives in determining depreciation expense); accordingly, actual results could differ from those estimates.

**NOTE 3 - BUDGETARY BASIS OF ACCOUNTING**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The statement of receipts, disbursements and changes in fund balance – budget and actual (budget basis) presented for the General Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the modified cash basis are outstanding year-end encumbrances treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis).

**College Corner Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2009  
(Continued)

**NOTE 3 - BUDGETARY BASIS OF ACCOUNTING** (continued)

The following table summarizes the adjustments necessary to reconcile the modified cash basis statements to the budgetary basis statements for the General Fund.

	<u>Net Change in Fund Balance</u>
	General
Modified Cash Basis	\$337,419
Encumbrances	(8,500)
Budget Basis	\$328,919

**NOTE 4 - DEPOSITS AND INVESTMENTS**

Monies held by the School District are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the School District treasury. Active monies must be maintained either as cash in the School District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit, or by savings or deposit accounts, including passbook accounts.

Interim monies held by the School District may be deposited or invested in the following securities:

1. United States Treasury notes, bills, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

**College Corner Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2009  
(Continued)

**NOTE 4 - DEPOSITS AND INVESTMENTS** (continued)

3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAROhio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Investments may only be made through specified dealers and institutions.

**Investments**

As of June 30, 2009 the School District only had investments in STAROhio in the amount of \$2,075,705. The average maturity of STAROhio is 58.1 days.

*Interest Rate Risk:*

The School District's investment policy follows State statute, which requires that an investment mature within five years of the date of purchase, unless matched to a specific obligation or debt of the School District, and that an investment must be purchased with the expectation that it will be held to maturity.

*Credit Risk:*

STAROhio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no investment policy that addresses credit risk.

**College Corner Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2009  
(Continued)

**NOTE 5 - PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis while the School District's fiscal year runs from July through June. First half tax collections are received by the School District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar year 2009 represents collections of calendar year 2008 taxes. Real property taxes received in calendar year 2009 were levied after April 1, 2008, on the assessed value listed as of January 1, 2008, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2009 represents collections of calendar year 2008 taxes. Public utility real and tangible personal property taxes received in calendar year 2009 became a lien December 31, 2007, were levied after April 1, 2008 and are collected in calendar year 2009 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar year 2009 (other than public utility property tax) represents the collection of 2009 taxes. Tangible personal property taxes received in calendar year 2009 were levied after April 1, 2008, on the value listed as of December 31, 2008. In prior years, tangible personal property was assessed at twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. The tangible personal property tax was phased out and was reduced to zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Butler and Preble Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the counties by June 30, 2009, are available to finance fiscal year 2009 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

**College Corner Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2009  
(Continued)

**NOTE 5 - PROPERTY TAXES** (continued)

The assessed values upon which the fiscal year 2009 taxes were collected are:

	2008 Second- Half Collections		2009 First- Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$8,335,830	90%	\$9,690,010	94%
Public Utility Personal	676,500	7%	652,370	6%
General Business Personal	237,833	3%	0	0%
Total	<u>\$9,250,163</u>	<u>100%</u>	<u>\$10,342,380</u>	<u>100%</u>
Tax Rate per \$1,000 of Assessed Valuation	\$32.10		\$32.10	

**NOTE 6 - CAPITAL ASSETS**

Capital assets activity for the fiscal year ended June 30, 2009, was as follows:

	Restated Balance 6/30/2008	Additions	Deductions	Balance 6/30/2009
<b>Governmental Activities</b>				
Capital Assets, not Being Depreciated:				
Land	\$3,440	\$0	\$0	\$3,440
Capital Assets, Being Depreciated:				
Building and Improvements	2,880,638	0	0	2,880,638
Furniture and Equipment	5,536	149	0	5,685
Total Capital Assets, Being Depreciated	<u>2,886,174</u>	<u>149</u>	<u>0</u>	<u>2,886,323</u>
Less Accumulated Depreciation:				
Building and Improvements	(324,386)	(55,171)	0	(379,557)
Furniture and Equipment	(1,379)	(716)	0	(2,095)
Total Accumulated Depreciation	<u>(325,765)</u>	<u>(55,887) *</u>	<u>0</u>	<u>(381,652)</u>
Capital Assets, Being Depreciated, Net	<u>2,560,409</u>	<u>(55,738)</u>	<u>0</u>	<u>2,504,671</u>
Governmental Activities Capital Assets, Net	<u>\$2,563,849</u>	<u>(\$55,738)</u>	<u>\$0</u>	<u>\$2,508,111</u>

**College Corner Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2009  
(Continued)

**NOTE 6 - CAPITAL ASSETS** (continued)

\* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$55,171
Support Services:	
Administration	159
Fiscal	<u>557</u>
Total Depreciation	<u><u>\$55,887</u></u>

**NOTE 7 - RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2009, the School District contracted with Indiana Insurance for general liability, sexual misconduct and molestation liability, and school leaders errors and omissions liability.

Coverage provided by the Indiana Insurance Company is as follows:

General Liability	
Per Occurrence	\$1,000,000
Damage to Premises Rented - One Premises	300,000
Medical Expense Limit - One Person	15,000
Personal and Advertising Injury Limit	
One Person or Organization	1,000,000
General Aggregate Limit -	
(Other Than Products/Completed Operations)	2,000,000
Products/Completed Operations Aggregate Limit	2,000,000
Sexual Misconduct and Molestation Liability	
Per Occurrence	1,000,000
Aggregate Limit	1,000,000
School Leaders Errors and Omissions Liability	
Per Occurrence	1,000,000
Aggregate Limit	1,000,000
Aggregate Defense Expense Amount -	
Non-Monetary Relief	100,000

Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There has been no significant reduction in insurance coverage from the prior fiscal year.



**College Corner Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2009  
(Continued)

**NOTE 8 - DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

Plan Description – The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2009, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008, and 2007 were \$17,760, \$10,900, and \$11,654, respectively; 100 percent has been contributed for all three fiscal years.

**B. State Teachers Retirement System of Ohio**

Plan Description – The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad Street, Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio website at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

**College Corner Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2009  
(Continued)

**NOTE 8 - DEFINED BENEFIT PENSION PLANS** (continued)

The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years of credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – For the fiscal year ended June 30, 2009, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2009, 2008, and 2007 were \$51,720, \$44,585, and \$50,026, respectively; 100 percent has been contributed for all three fiscal years. There were no contributions to the DC and Combined Plans for fiscal year 2009 by the School District.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Employees Retirement System. As of June 30, 2009, two members of the Board of Education have elected Social Security. The contribution rate is 6.2 percent of wages.

**College Corner Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2009  
(Continued)

**NOTE 9 - POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

Plan Description – The School District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by SERS based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2009, 4.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2009, this amount was \$35,800.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The School District's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$9,271, \$6,117, and \$5,012, respectively; 100 percent has been contributed for all three fiscal years.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare Part B Fund. For 2009, this actuarially required allocation was 0.75 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2009, 2008, and 2007 were \$1,454, \$785, and \$792, respectively; 100 percent has been contributed for all three fiscal years.

**B. State Teachers Retirement System of Ohio**

Plan Description – The School District contributes to the cost-sharing, multiple employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

**College Corner Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2009  
(Continued)

**NOTE 9 - POSTEMPLOYMENT BENEFITS** (continued)

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post employment health care may be deducted from employer contributions. For 2009, STRS Ohio allocated employer contributions equal to one percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$3,978, \$3,430, and \$3,848, respectively; 100 percent has been contributed for all three fiscal years.

**NOTE 10 - JOINTLY GOVERNED ORGANIZATION**

**Southwest Ohio Computer Association**

The School District is a participant in the Southwest Ohio Computer Association (SWOCA), which is a computer consortium. SWOCA is an association of public school districts within the boundaries of Butler, Warren, and Preble Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of SWOCA consists of one representative from each district plus one representative from the fiscal agent. The School District paid SWOCA \$5,786 for membership and services during the fiscal year. Financial information can be obtained from K. Michael Crumley, Executive Director of SWOCA at 3607 Hamilton-Middletown Road, Hamilton, Ohio 45011.

**NOTE 11 - SET-ASIDE CALCULATIONS**

The School District is required by State statute to annually set aside, in the General Fund, an amount based on a statutory formula for the purchase of textbooks and instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by fiscal year-end or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year-end and carried forward to be used for the same purposes in future fiscal years.

The following cash basis information describes the change in the fiscal year-end set-aside amounts for budget stabilization, textbooks and instructional materials, and capital improvements. Disclosure of this information is required by State statute.

**College Corner Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2009  
(Continued)

**NOTE 11 - SET-ASIDE CALCULATIONS** (continued)

	<u>Budget</u> <u>Stabilization</u>	<u>Textbooks and</u> <u>Instructional</u> <u>Materials</u>	<u>Capital</u> <u>Improvements</u>
Set-aside Reserve Balance as of			
June 30, 2008	\$20,846	\$81,605	\$0
Current Fiscal Year Set-aside Requirement	0	19,032	19,032
Qualifying Disbursements	(6,356)	(19,686)	(1,036)
Current Fiscal Year Offsets	0	0	(34,353)
Totals	<u>\$14,490</u>	<u>\$80,951</u>	<u>(\$16,357)</u>
Set-aside Reserve Balance as of			
June 30, 2009	<u>\$14,490</u>	<u>\$80,951</u>	<u>\$0</u>

The School District had qualifying disbursements and offsets during the fiscal year that reduced the capital improvements amount below zero. This extra amount may not be used to reduce the set-aside requirements in future fiscal years. The total reserve balance for the set-asides at the end of the fiscal year was \$95,441.

**NOTE 12 - CONTINGENCIES**

**A. Grants**

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2009.

**B. Litigation**

The School District is not currently party to any legal proceedings.

**College Corner Local School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2009  
(Continued)

**NOTE 13 - COMPLIANCE**

Ohio Administrative Code, Section 117-2-03 (B), requires the School District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the School District prepared its financial statements on a modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, net assets/fund balances, and disclosures that, while material, cannot be determined at this time. The School District can be fined and various other administrative remedies may be taken against the School District.

Contrary to Ohio Revised Code, Section 5705.41(D), the School District did not properly certify all expenditures.

**NOTE 14 - INTERFUND ACTIVITY**

The General Fund had transfers out to Other Governmental Funds in the amounts of \$141 during fiscal year 2009. Transfers are used to move General Fund revenues that are used to subsidize various programs in other funds.

**NOTE 15 – RESTATEMENT OF NET ASSETS**

During fiscal year 2009, errors in the prior year calculation of capital assets were discovered. This restatement had the following effect on net assets at June 30, 2008 as previously reported.

Net Assets at June 30, 2008	\$4,568,993
Capital Assets	<u>(50,631)</u>
Restated Net assets at June 30, 2008	<u><u>\$4,518,362</u></u>



# Mary Taylor, CPA

Auditor of State

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

College Corner Local School District  
Preble County  
230 Ramsey Street  
College Corner, Ohio 45003

To the Board of Education:

We have audited the financial statements governmental activities, each major fund, and the aggregate remaining fund information of College Corner Local School District, Preble County, Ohio (the School District), as of and for the years ended June 30, 2010 and 2009, which collectively comprise the School District's basic financial statements and have issued our report thereon dated October 1, 2010, wherein, we noted the School District uses a comprehensive accounting basis other than generally accepted accounting principles. 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 School District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the School District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the School District's internal control over financial reporting.

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 more than a reasonable possibility that a material misstatement of the School District's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

### Compliance and Other Matters

As part of reasonably assuring whether the School District'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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2010-001 and 2010-002.

We also noted certain matters not requiring inclusion in this report that we reported to the School District's management in a separate letter dated October 1, 2010.

We intend this report solely for the information and use of management, the audit committee, and Board of Education. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

October 1, 2010



COLLEGE CORNER LOCAL SCHOOL DISTRICT  
PREBLE COUNTY

SCHEDULE OF FINDINGS  
JUNE 30, 2010 AND 2009

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

FINDING NUMBER 2010-001

Noncompliance Citation

**Ohio Revised Code, § 117.38**, provides that each public office shall file a financial report for each fiscal year. The auditor of state may prescribe forms by rule or may issue guidelines, or both, for such reports. If the auditor of state has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. Ohio Administrative Code 117-2-03 further clarifies the requirements of Ohio Revised Code 117.38.

**Ohio Admin. Code, § 117-2-03(B)**, requires the School District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the School District prepares its financial statements on a modified cash basis, which is a comprehensive basis of accounting other than accounting principles accepted in the United States of America. The accompanying financial statements omit assets, liabilities, fund equities, and disclosure that, while material, cannot be determined at this time. The School District can be fined and various other administrative remedies may be taken against the School District. As such we recommend the School District prepare its annual financial report in accordance with generally accepted accounting principles.

FINDING NUMBER 2010-002

Noncompliance Citation

**Ohio Revised Code, § 5705.41(D)(1)**, prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and orders for expenditures lacking prior certification shall be null and void.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" Certificate – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the School District can authorize the drawing of a warrant for the payment of the amount due. The School District has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

**FINDING NUMBER 2010-002  
(Continued)**

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the “then and now” certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the School District.

2. Blanket Certificate – Fiscal officers may prepare “blanket” certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate – The School District may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The School District did not follow established procedures for certifying expenditures. Of 30 expenditures (15 in each year) tested, four (27%) were not properly certified in fiscal year 2009 and five (33%) were not properly certified in fiscal year 2010. There was no evidence that the School District followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the School District’s funds exceeding budgetary spending limitations, we recommend that the Treasurer certify that the funds are or will be available prior to obligation by the School District. When prior certification is not possible, “then and now” certification should be used.

We recommend the School District certify purchases to which section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The fiscal officer should sign the certification at the time the School District incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The fiscal officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

**We did not receive a response from officials regarding the findings reported above.**

**COLLEGE CORNER LOCAL SCHOOL DISTRICT  
PREBLE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2010 AND 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2008-001	Ohio Revised Code, Section 117.38; Ohio Admin. Code Section 117-2-03(B), failure to report in accordance with generally accepted accounting principles.	No	Not Corrected – Reissued as Finding 2010-001.
2008-002	Ohio Admin. Code, Section 117-2-01(D), lack of oversight in the posting of receipts.	Yes	
2008-003	Ohio Revised Code, Section 5705.41(D), failure to properly encumber.	No	Not Corrected – Reissued as Finding 2010-002.

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**Mary Taylor, CPA**  
Auditor of State

**COLLEGE CORNER LOCAL SCHOOL DISTRICT**

**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  
NOVEMBER 4, 2010**