



Dave Yost • Auditor of State



VILLAGE OF COLLEGE CORNER  
PREBLE COUNTY

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# Dave Yost • Auditor of State

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

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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

**Dave Yost**  
Auditor of State

May 23, 2012

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Village Council:

We have audited the accompanying financial statements of the Village of College Corner, Preble County, Ohio (the Village), as of and for the years ended December 31, 2011 and 2010. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

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

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

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2011 and 2010 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2011 and 2010, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances as of December 31, 2011 and 2010 and the reserves for encumbrances as of December 31, 2010 of the Village of College Corner, Preble County, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 1, during 2011 the Village of College Corner, Preble County adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 23, 2012, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



**Dave Yost**  
Auditor of State

May 23, 2012

**VILLAGE OF COLLEGE CORNER  
PREBLE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$16,640	\$40,761	\$57,401
Intergovernmental	33,180	22,901	56,081
Charges for Services	22,000		22,000
Fines, Licenses and Permits	2,620		2,620
Earnings on Investments	670	119	789
<i>Total Cash Receipts</i>	<u>75,110</u>	<u>63,781</u>	<u>138,891</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	23,569	18,157	41,726
Transportation		7,558	7,558
General Government	23,011	400	23,411
<i>Total Cash Disbursements</i>	<u>46,580</u>	<u>26,115</u>	<u>72,695</u>
<i>Excess of Receipts Over Disbursements</i>	<u>28,530</u>	<u>37,666</u>	<u>66,196</u>
<b>Other Financing Receipts (Disbursements)</b>			
Other Financing Uses	(1,075)	0	(1,075)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(1,075)</u>	<u>0</u>	<u>(1,075)</u>
<i>Net Change in Fund Cash Balances</i>	27,455	37,666	65,121
<i>Fund Cash Balances, January 1</i>	<u>23,286</u>	<u>90,544</u>	<u>113,830</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	0	128,208	128,208
Committed	22,000	0	22,000
Unassigned (Deficit)	28,741	2	28,743
<i>Fund Cash Balances, December 31</i>	<u><u>\$50,741</u></u>	<u><u>\$128,210</u></u>	<u><u>\$178,951</u></u>

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

**VILLAGE OF COLLEGE CORNER  
PREBLE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

<b>Operating Cash Receipts</b>	
Charges for Services	\$161,763
Miscellaneous	1,320
	163,083
<i>Total Operating Cash Receipts</i>	
	163,083
<b>Operating Cash Disbursements</b>	
Personal Services	12,354
Employee Fringe Benefits	3,709
Contractual Services	47,703
Supplies and Materials	7,093
Professional Services	6,666
Other	9,116
	86,641
<i>Total Operating Cash Disbursements</i>	
	86,641
<i>Operating Income</i>	
	76,442
<b>Non-Operating Receipts (Disbursements)</b>	
Capital Outlay	(57,828)
Principal Retirement	(10,000)
Interest and Other Fiscal Charges	(1,000)
	(68,828)
<i>Total Non-Operating Receipts (Disbursements)</i>	
	(68,828)
<i>Income before Capital Contributions and Transfers</i>	
	7,614
Capital Contributions	150
Transfers In	11,000
Transfers Out	(11,000)
	7,764
<i>Net Change in Fund Cash Balances</i>	
	7,764
<i>Fund Cash Balances, January 1</i>	
	426,662
<i>Fund Cash Balances, December 31</i>	
	\$434,426

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

**VILLAGE OF COLLEGE CORNER  
PREBLE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property and Local Taxes	\$12,826	\$8,521		\$21,347
Intergovernmental	36,921	19,627	\$48,932	105,480
Charges for Services	13,000			13,000
Fines, Licenses and Permits	2,307			2,307
Earnings on Investments	710	126		836
	<u>65,764</u>	<u>28,274</u>	<u>48,932</u>	<u>142,970</u>
<b>Total Cash Receipts</b>				
	<u>65,764</u>	<u>28,274</u>	<u>48,932</u>	<u>142,970</u>
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	41,930	11,000		52,930
Public Health Services	459			459
Transportation		12,537		12,537
General Government	33,075	242		33,317
Capital Outlay		3,670	48,932	52,602
	<u>75,464</u>	<u>27,449</u>	<u>48,932</u>	<u>151,845</u>
<b>Total Cash Disbursements</b>				
	<u>75,464</u>	<u>27,449</u>	<u>48,932</u>	<u>151,845</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>(9,700)</u>	<u>825</u>	<u>0</u>	<u>(8,875)</u>
<b>Other Financing Receipts / (Disbursements):</b>				
Other Financing Uses	<u>(1,887)</u>			<u>(1,887)</u>
<b>Total Other Financing Receipts / (Disbursements)</b>	<u>(1,887)</u>	<u>0</u>	<u>0</u>	<u>(1,887)</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>(11,587)</u>	<u>825</u>	<u>0</u>	<u>(10,762)</u>
<b>Fund Cash Balances, January 1, Restated</b>	<u>34,873</u>	<u>89,719</u>		<u>124,592</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$23,286</u></u>	<u><u>\$90,544</u></u>	<u><u>\$0</u></u>	<u><u>\$113,830</u></u>
<b>Reserve for Encumbrances, December 31</b>	<u><u>\$1,293</u></u>	<u><u>\$520</u></u>	<u><u>\$0</u></u>	<u><u>\$1,813</u></u>

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

**VILLAGE OF COLLEGE CORNER  
PREBLE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL ENTERPRISE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2010**

<b>Operating Cash Receipts:</b>	
Charges for Services	\$156,247
Fines, Licenses and Permits	\$11,060
Miscellaneous	1,080
	<hr/>
Total Operating Cash Receipts	168,387
	<hr/>
<b>Operating Cash Disbursements:</b>	
Personal Services	9,588
Employee Fringe Benefits	2,247
Contractual Services	70,409
Supplies and Materials	8,025
Professional Services	7,141
Other	10,203
	<hr/>
Total Operating Cash Disbursements	107,613
	<hr/>
Operating Income	60,774
	<hr/>
<b>Non-Operating Cash Receipts:</b>	
Capital Contributions	150
	<hr/>
Total Non-Operating Cash Receipts	150
	<hr/>
<b>Non-Operating Cash Disbursements:</b>	
Capital Outlay	25,955
Redemption of Principal	9,000
Interest and Other Fiscal Charges	1,450
	<hr/>
Total Non-Operating Cash Disbursements	36,405
	<hr/>
Excess of Receipts Over Disbursements Before Interfund Transfers	24,519
	<hr/>
Transfers-In	11,000
Transfers-Out	(11,000)
	<hr/>
Net Receipts Over Disbursements	24,519
	<hr/>
Fund Cash Balances, January 1, Restated	402,143
	<hr/>
<b>Fund Cash Balances, December 31</b>	<b><u>426,662</u></b>
	<hr/>
Reserve for Encumbrances, December 31	\$1,164
	<hr/> <hr/>

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

**VILLAGE OF COLLEGE CORNER  
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010**

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of College Corner, Preble County, Ohio (the Village), as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities and road repairs. The Village contracts with the Butler County Sheriff's department to provide security of persons and property. The Village contracts with the Village of West College Corner, Indiana to receive fire protection services.

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

**B. Accounting Basis**

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

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

**C. Cash and Deposits**

The Village has interest-bearing checking and savings accounts.

**D. Fund Accounting**

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

**1. General Fund**

The General Fund reports all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

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

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

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

**VILLAGE OF COLLEGE CORNER  
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**3. Capital Project Fund**

This fund accounts for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project fund:

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

**4. Enterprise Funds**

These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

Water Fund - This fund receives charges for services from residents to cover water service costs.

Sewer Fund - This fund receives charges for services from residents to cover sewer service costs.

**E. Budgetary Process**

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

**1. Appropriations**

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

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. Encumbrances in the accompanying financial statements are due to payroll withholding to be remitted in 2012.

A summary of 2011 and 2010 budgetary activity appears in Note 3.

**VILLAGE OF COLLEGE CORNER  
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**F. Fund Balance**

For December 31, 2011, fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**1. Nonspendable**

The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. The Village had no fund balances in this category at December 31, 2011.

**2. Restricted**

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

**3. Committed**

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

**4. Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute. The Village had no fund balances in this category at December 31, 2011.

**5. Unassigned**

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

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

**VILLAGE OF COLLEGE CORNER  
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**G. Property, Plant, and Equipment**

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

**2. Equity in Pooled Deposits**

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

	2011	2010
Demand deposits	\$608,457	\$535,572
Savings account	4,920	4,920
Total deposits	\$613,377	\$540,492

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

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2011 and 2010 follows:

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$71,920	\$75,110	\$3,190
Special Revenue	60,200	63,781	3,581
Enterprise	169,940	174,233	4,293
Total	\$302,060	\$313,124	\$11,064

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$88,303	\$47,655	\$40,648
Special Revenue	132,420	26,115	106,305
Enterprise	500,950	166,469	334,481
Total	\$721,673	\$240,239	\$481,434

**VILLAGE OF COLLEGE CORNER  
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**3. Budgetary Activity (Continued)**

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$61,400	\$65,764	\$4,364
Special Revenue	28,950	28,274	(676)
Capital Projects	4,893	48,932	44,039
Enterprise	166,000	179,537	13,537
Total	\$261,243	\$322,507	\$61,264

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$105,819	\$78,644	\$27,175
Special Revenue	107,005	27,969	79,036
Capital Projects	48,932	48,932	0
Enterprise	507,500	145,182	362,318
Total	\$769,256	\$300,727	\$468,529

Contrary to budgetary law, the Village had appropriations exceeding estimated resources in the Capital Project fund in 2010 of \$44,039.

**4. Property Tax**

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

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

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

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

**VILLAGE OF COLLEGE CORNER  
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)**

**5. Debt**

Debt outstanding at December 31, 2011 was as follows:

	Principal	Interest Rate
Mortgage Revenue Bonds	\$10,000	5%

The United States Department of Agriculture (USDA) mortgage revenue bonds were for the construction of sanitary sewers. In 1973 the USDA approved and the Village issued \$207,000 in mortgage revenue bonds for this project. The bonds are being paid in annual installments of varying amounts over 40 years.

Amortization of the above debt, including interest, is scheduled as follows:

	Mortgage Revenue Bonds
Year ending December 31: 2012	\$10,500

**6. Retirement Systems**

**A. Ohio Public Employees Retirement System**

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

The Ohio Revised Code also prescribes contribution rates. For 2011 and 2010, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2011.

**B. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the OPERS have an option to choose Social Security. As of December 31, 2011, four employees of the Village have elected Social Security. The employees' liability is 6.2 percent of wages paid.

**7. Risk Management**

**Commercial Insurance**

The Village has obtained commercial insurance for the following risks:

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

VILLAGE OF COLLEGE CORNER  
PREBLE COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010  
(Continued)

8. Restatement of Beginning Balance

The Village restated beginning balance in fiscal year 2010 to reflect the allocation of insurance premiums as follow:

	General <u>Fund</u>	Enterprise <u>Fund</u>
Beginning Fund Balance January 1, 2010	\$ 33,421	\$ 403,595
Restatement of Beginning Fund Balance	\$ 1,452	\$ (1,452)
Beginning Fund Balance, January 1, 2010, as Restated	<u>\$ 34,873</u>	<u>\$ 402,143</u>

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# Dave Yost • Auditor of State

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

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

To the Village Council:

We have audited the financial statements of the Village of College Corner, Preble County, Ohio (the Village), as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated May 23, 2012 wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted the Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. Furthermore, we noted that the Village adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and timely corrected. We consider finding 2011-01 described in the accompanying schedule of findings to be a material weakness.

### **Compliance and Other Matters**

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2011-02.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated May 23, 2012.

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

May 23, 2012

**VILLAGE OF COLLEGE CORNER  
PREBLE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2011 AND 2010**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2011-01**

**Material Weakness**

When designing the public office's system of internal control and the specific control activities, management should consider ensuring that accounting records are properly designed, verifying the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records, and performing analytical procedures to determine the reasonableness of financial data.

The Village lacks management oversight in the posting of financial activity. Posting errors were noted in the testing of taxes and intergovernmental revenues and water fees revenues and in the following expenditures in the enterprise funds: principal payments, interest expense, contractual services, capital outlay, other, and professional services. These errors resulted in the following adjustments to the Village's funds:

- 2010 General Fund Local Taxes was decreased by \$2,782; Intergovernmental Revenue was increased by \$4,072; and Fund Balance was increased by \$1,290.
- 2010 Special Revenue Local Taxes was increased by \$2,971; Intergovernmental Revenue was decreased by \$4,261; and Fund Balance was decreased by \$1,290 (\$2,308 decrease to Fund 2011; \$56 increase to Fund 2021; \$962 increase to Fund 2901).
- 2010 Enterprise Intergovernmental Revenue was increased by \$11,060; and Charges for Services was decreased by \$11,060.
- 2011 General Fund Local Taxes was decreased by \$6,526; Intergovernmental Revenue was increased by \$1,773; and Fund Balance was decreased by \$4,753.
- 2011 Special Revenue Local Taxes was increased by \$32,586; Intergovernmental Revenue was decreased by \$27,833; and Fund Balance was increased by \$4,753 (\$937 increase to Fund 2901; \$3,816 increase to Fund 2902).
- 2010 Enterprise Debt Principal was increased by \$9,000 and Interest Expense was decreased by \$9,000.
- 2011 Enterprise Debt Principal was increased by \$10,000 and Interest Expense was decreased by \$10,000.
- 2010 Enterprise Contractual Services was increased by \$54,920; Professional Services was increased by \$7,141; Other Expense was increase by \$10,203; Interest Expense was decreased by \$53,718; and Capital Outlay was decreased by \$18,546. These errors resulted in an increase in Fund Balance to Fund 5101 of \$3,940 and a decrease to Fund 5201 by \$3,940.
- 2011 Enterprise Contractual Services was increased by \$35,858; Professional Services was increased by \$6,666; Other Expenses was increase by \$9,839; Capital Outlay was decreased by \$6,666; and Interest Expense was decreased by \$45,698. These errors resulted in an increase to Fund 5101 of \$3,353 and a decrease to Fund 5201 by \$3,353.

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

**FINDING NUMBER 2011-01  
(Continued)**

Failure to properly post receipts and disbursements can result in inaccurate records and financial statements, which increases the risk that errors, theft, or fraud could occur and not be detected in a timely manner.

We recommend that receipts and disbursements be properly posted. Receipts and disbursements posted to the ledgers should be reviewed by Council for accuracy. Comparisons between years may aid in the determination if a transaction has been properly posted.

**FINDING NUMBER 2011-02**

**Noncompliance Citation**

**Ohio Revised Code, § 5705.39**, provides, in part, that the total appropriations from each fund shall not exceed the total estimated revenue. No appropriation measure is to become effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

Due to lack of management oversight, the Capital Projects Fund - Grant Construction (Fund 4201) had appropriations exceeding estimated revenue at December 31, 2010 in the amount of \$44,039. Failure to properly monitor budgetary activity could result in overspending and ultimately negative fund balances. We recommend that the Village monitor appropriations and estimated revenue

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

**VILLAGE OF COLLEGE CORNER  
PREBLE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2011 AND 2010**

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>
2009-001	Ohio Admin. Code 117-2-01(D) Posting of Financial Activity	No	Not Corrected – Repeated as Finding 2011-001
2009-002	Ohio Rev. Code 5705.39 Appropriation Exceeding Estimated Revenue	No	Not Corrected – Repeated as Finding 2011-002
2009-003	Posting of Estimated Revenue to the Accounting System	No	Partially Corrected – Moved to the Management Letter





# Dave Yost • Auditor of State

VILLAGE OF COLLEGE CORNER

PREBLE COUNTY

## CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
JUNE 14, 2012