



Dave Yost • Auditor of State

VILLAGE OF CROWN CITY
GALLIA COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2013	5
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Proprietary Fund Types - For the Year Ended December 31, 2013	6
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2012	7
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Proprietary Fund Types - For the Year Ended December 31, 2012	8
Notes to the Financial Statements	9
Schedule of Federal Awards Expenditures	17
Notes to the Schedule of Federal Awards Expenditures	18
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	19
Independent Auditor's Report on Compliance with Requirements Applicable to the Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133	21
Schedule of Findings – OMB Circular A-133 §.505	25
Schedule of Prior Audit Findings - OMB Circular A-133 §.315(b).....	34
Corrective Action Plan - OMB Circular A-133 §.315(c).....	35

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Village of Crown City
Gallia County
207 Spring Valley Drive
Crown City, Ohio 45623

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Village of Crown City, Gallia County, Ohio, (the Village), as of and for the years ended December 31, 2013 and 2012.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

As described in Note 1 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy these requirements.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Opinion on Regulatory Basis of Accounting

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

Other Matters

Our audit was conducted to opine on the financial statements taken as a whole.

The Schedule of Federal Awards Expenditures (the Schedule) presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is not a required part of the financial statements.

The Schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the financial statements. We subjected this Schedule to the auditing procedures we applied to the financial statements. We also applied certain additional procedures, including comparing and reconciling the Schedule directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this Schedule is fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2015 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State

Columbus, Ohio

January 15, 2015

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**VILLAGE OF CROWN CITY
GALLIA COUNTY**

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

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$1,726	\$4,011	\$5,737
Intergovernmental	43,838	23,357	67,195
Charges for Services	342	1,700	2,042
Fines, Licenses and Permits	2,466		2,466
Earnings on Investments	108	69	177
Miscellaneous	110	5,076	5,186
<i>Total Cash Receipts</i>	<u>48,590</u>	<u>34,213</u>	<u>82,803</u>
Cash Disbursements			
Current:			
Security of Persons and Property	15,743	5,268	21,011
Public Health Services	870	3,907	4,777
Leisure Time Activities		2,588	2,588
Transportation		13,692	13,692
General Government	30,437	137	30,574
Debt Service:			
Principal Retirement	1,684	4,142	5,826
Interest and Fiscal Charges	1,570		1,570
<i>Total Cash Disbursements</i>	<u>50,304</u>	<u>29,734</u>	<u>80,038</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(1,714)</u>	<u>4,479</u>	<u>2,765</u>
<i>Net Change in Fund Cash Balances</i>	(1,714)	4,479	2,765
<i>Fund Cash Balances, January 1</i>	<u>9,829</u>	<u>82,158</u>	<u>91,987</u>
Fund Cash Balances, December 31			
Restricted		63,732	63,732
Committed		22,905	22,905
Assigned	8,115		8,115
<i>Fund Cash Balances, December 31</i>	<u>\$8,115</u>	<u>\$86,637</u>	<u>\$94,752</u>

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

**VILLAGE OF CROWN CITY
GALLIA COUNTY**

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

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts	
Charges for Services	\$35,814
<i>Total Operating Cash Receipts</i>	35,814
Operating Cash Disbursements	
Other	9,239
<i>Total Operating Cash Disbursements</i>	9,239
<i>Operating Income (Loss)</i>	26,575
Non-Operating Receipts (Disbursements)	
Intergovernmental	2,348,980
Other Debt Proceeds	2,896,911
Capital Outlay	(3,774,451)
Principal Retirement	(1,462,491)
<i>Total Non-Operating Receipts (Disbursements)</i>	8,949
<i>Net Change in Fund Cash Balances</i>	35,524
<i>Fund Cash Balances, January 1</i>	0
<i>Fund Cash Balances, December 31</i>	\$35,524

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

**VILLAGE OF CROWN CITY
GALLIA COUNTY**

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

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$1,129	\$3,030	\$4,159
Intergovernmental	47,165	26,600	73,765
Charges for Services	1,594	1,100	2,694
Fines, Licenses and Permits	2,095		2,095
Earnings on Investments	273	554	827
Miscellaneous	122	30,898	31,020
<i>Total Cash Receipts</i>	<u>52,378</u>	<u>62,182</u>	<u>114,560</u>
Cash Disbursements			
Current:			
Security of Persons and Property	22,518	11,704	34,222
Public Health Services	2,046	4,129	6,175
Leisure Time Activities		264	264
Transportation		20,113	20,113
General Government	33,186		33,186
Capital Outlay		22,000	22,000
Debt Service:			
Principal Retirement	4,105	2,000	6,105
Interest and Fiscal Charges	1,801		1,801
<i>Total Cash Disbursements</i>	<u>63,656</u>	<u>60,210</u>	<u>123,866</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(11,278)</u>	<u>1,972</u>	<u>(9,306)</u>
Other Financing Receipts (Disbursements)			
Transfers In		400	400
Transfers Out	(400)		(400)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(400)</u>	<u>400</u>	<u>0</u>
<i>Net Change in Fund Cash Balances</i>	(11,678)	2,372	(9,306)
<i>Fund Cash Balances, January 1 (As Restated - Note 2)</i>	<u>21,507</u>	<u>79,786</u>	<u>101,293</u>
Fund Cash Balances, December 31			
Restricted		56,766	56,766
Committed		25,392	25,392
Assigned	9,829		9,829
<i>Fund Cash Balances, December 31</i>	<u>\$9,829</u>	<u>\$82,158</u>	<u>\$91,987</u>

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

**VILLAGE OF CROWN CITY
GALLIA COUNTY**

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

	Proprietary Fund Type
	Enterprise
Non-Operating Receipts (Disbursements)	
Intergovernmental	\$2,213,272
Other Debt Proceeds	1,926,908
Capital Outlay	(1,859,505)
Principal Retirement	(2,282,665)
	(1,990)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(1,990)</i>
<i>Net Change in Fund Cash Balances</i>	<i>(1,990)</i>
<i>Fund Cash Balances, January 1 (As Restated - Note 2)</i>	<i>1,990</i>
<i>Fund Cash Balances, December 31</i>	<i>\$0</i>

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

**VILLAGE OF CROWN CITY
GALLIA COUNTY**

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

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Crown City, Gallia County (the Village), as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides general governmental services, sewer utilities, park operations, street maintenance, police and fire protection and general maintenance. The Village contracts with the Gallia County Sheriff's Department to provide security of persons and property.

The Township participates in the Ohio Plan Risk Management, Inc. (OPRM), a public entity risk pool. Note 8 to the financial statements provides additional information for this entity.

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

B. Accounting Basis

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

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

C. Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Village invests all available funds in an interest-bearing checking account and a certificate of deposit

D. Fund Accounting

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

1. General Fund

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

**VILLAGE OF CROWN CITY
GALLIA COUNTY**

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

1. Summary of Significant Accounting Policies (continued)

D. Fund Accounting (continued)

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

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

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

Fire Levy Fund - This fund receives tax monies assessed and levied on general assessed valuation of real and personal tax and donations for the operation of the fire department.

3. 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:

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

Sewer Capital Improvement Fund - This fund receives grants and loans from Ohio Water Development Authority (OWDA), Ohio Public Works Commission (OPWC), Appalachian Regional Commission (ARC), and Community Development Block Grants (CDBG) to fund the construction of a sewer system for the Village.

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 level of control and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

2. Estimated Resources

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

VILLAGE OF CROWN CITY
GALLIA COUNTY

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

1. Summary of Significant Accounting Policies (continued)

E. Budgetary Process (continued)

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Village did not encumber all commitments required by Ohio law.

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

F. Fund Balance

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

1. Nonspendable

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

2. Restricted

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

3. Committed

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

4. Assigned

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

5. Unassigned

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

**VILLAGE OF CROWN CITY
GALLIA COUNTY**

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

1. Summary of Significant Accounting Policies (continued)

F. Fund Balance (continued)

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

G. Property, Plant, and Equipment

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

2. Fund Balance Restatement

At December 31, 2011, the Village's Enterprise Funds were incorrectly reported as Capital Projects Funds. The effects of this change are as follows:

	Capital Projects	Enterprise
Fund Balances at December 31, 2011	\$1,990	\$0
Fund reclassification	(1,990)	1,990
Fund Balances at January 1, 2012	\$0	\$1,990

3. Equity in Pooled Deposits and Investments

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

	2013	2012
Demand deposits	\$122,443	\$84,173
Certificates of deposit	7,833	7,814
Total deposits	\$130,276	\$91,987

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Village.

**VILLAGE OF CROWN CITY
GALLIA COUNTY**

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

4. Budgetary Activity

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

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$45,220	\$48,590	\$3,370
Special Revenue	44,556	34,213	(10,343)
Enterprise	5,296,551	5,281,705	(14,846)
Total	\$5,386,327	\$5,364,508	(\$21,819)

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$58,833	\$50,304	\$8,529
Special Revenue	122,931	29,734	93,197
Enterprise	5,296,551	5,246,181	50,370
Total	\$5,478,315	\$5,326,219	\$152,096

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$51,319	\$52,378	\$1,059
Special Revenue	26,747	62,582	35,835
Enterprise	4,123,842	4,140,180	16,338
Total	\$4,201,908	\$4,255,140	\$53,232

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$72,826	\$64,056	\$8,770
Special Revenue	96,033	60,210	35,823
Enterprise	4,125,832	4,142,170	(16,338)
Total	\$4,294,691	\$4,266,436	\$28,255

5. 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.

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

**VILLAGE OF CROWN CITY
GALLIA COUNTY**

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

6. Debt

Debt outstanding at December 31, 2013 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Valley Bank Building Acquisition Bond	\$32,873	4%
Ohio Water Development Authority Loan	\$1,176,420	0%
Ohio Public Works Commission Loan	<u>258,000</u>	0%
Total	<u><u>\$1,467,293</u></u>	

The Building Acquisition Bond relates to the building purchased for the Fire Department. A bond agreement was signed with the Ohio Valley Bank for \$100,000 at 4% interest due in annual installments for twenty years. The first payment was made November 1, 1999. The Building Acquisition Bond is collateralized by the Village's taxing authority.

The Ohio Water Development Authority (OWDA) loan relates to a water and sewer plant expansion project the Ohio Environmental Protection Agency mandated. The OWDA approved up to \$1,176,000 in loans to the Village for this project. The Village will repay the loans in semiannual installments of \$29,410 over 20 years. The scheduled payment amount below assumes that \$1,176,000 will be borrowed. The OWDA will adjust scheduled payment to reflect any revisions in amounts the Village actually borrows. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Public Works Commission (OPWC) loan relates to a water and sewer plant expansion project the Ohio Environmental Protection Agency mandated. The OPWC approved up to \$258,000 in loans to the Village for this project. The Village will repay the loans in semiannual installments of \$4,300 over 30 years. The scheduled payment amount below assumes that \$258,000 will be borrowed. The OPWC will adjust scheduled payment to reflect any revisions in amounts the Village actually borrows. Sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

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

Year ending December 31:	General Obligation Bonds	OWDA Loan	OPWC Loan
2014	\$7,396	\$29,411	\$8,600
2015	7,396	58,821	8,600
2016	7,396	58,821	8,600
2017	7,396	58,821	8,600
2018	7,396	58,821	8,600
2019-2023		294,105	43,000
2024-2028		294,105	43,000
2029-2033		294,105	43,000
2034-2038		29,410	43,000
2039-2043			43,000
Total	<u><u>\$36,980</u></u>	<u><u>\$1,176,420</u></u>	<u><u>\$258,000</u></u>

**VILLAGE OF CROWN CITY
GALLIA COUNTY**

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

7. Retirement System

The Village's elected officials and 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 2013 and 2012, OPERS members contributed 10 and 10%, respectively, of their gross salaries and the Village contributed an amount equaling 14 and 14%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2013.

8. Risk Management

Risk Pool Membership

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to § 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 767 and 774 members as of December 31, 2012 and 2013 respectively.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2012 and 2013.

VILLAGE OF CROWN CITY
GALLIA COUNTY

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

8. Risk Management (continued)

Risk Pool Membership (continued)

	<u>2012</u>	<u>2013</u>
Assets	\$13,100,381	\$13,774,304
Liabilities	(6,687,193)	(7,968,395)
Members' Equity	<u>\$6,413,188</u>	<u>\$5,805,909</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

9. Contingent Liabilities

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

10. Subsequent Events

The Village Sewer Project was still ongoing as of December 31, 2013.

VILLAGE OF CROWN CITY
GALLIA COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2013

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Pass Through Entity Number	Federal CFDA Number	Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>Passed Through Ohio Department of Development</i>			
Small Cities Community Development Block Grant Program			
Water and Sanitary Sewer Grant Program	C-W-11-2MG-1	14.228	<u>\$459,385</u>
Total U.S. Department of Housing and Urban Development			<u>459,385</u>
APPALACHIAN REGIONAL COMMISSION			
<i>Passed Through Ohio Environmental Protection Agency</i>			
Appalachian Area Development	OH-17233	23.002	<u>225,000</u>
Total Appalachian Regional Commission			<u>225,000</u>
Total Federal Awards Expenditures			<u><u>\$684,385</u></u>

The Notes to the Schedule of Federal Awards Expenditures are an integral part of the Schedule.

**VILLAGE OF CROWN CITY
GALLIA COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2013**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) reports the Village's federal award programs' disbursements. The Schedule has been prepared on the cash basis of accounting.



Dave Yost • Auditor of State

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

Village of Crown City
Gallia County
207 Spring Valley Drive
Crown City, Ohio 45623

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Village of Crown City, Gallia County, Ohio (the Village), as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, and have issued our report thereon dated January 15, 2015, wherein we noted the Village followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03 permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying Schedule of Findings we identified 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 internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. We consider finding 2013-002 described in the accompanying Schedule of Findings to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2013-003 described in the accompanying Schedule of Findings to be a significant deficiency.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2013-001, 2013-004 and 2013-005.

Entity's Response to Findings

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

Purpose of this Report

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



Dave Yost
Auditor of State

Columbus, Ohio

January 15, 2015



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Village of Crown City
Gallia County
207 Spring Valley Drive
Crown City, Ohio 45623

To the Village Council:

Report on Compliance for the Major Federal Program

We have audited the Village of Crown City's, Gallia County, Ohio (the Village), compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Village's major federal program for the year ended December 31, 2013. The *Summary of Auditor's Results* in the accompanying Schedule of Findings identifies the Village's major federal program.

Management's Responsibility

The Village's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the Village's compliance for the Village's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Village's major program. However, our audit does not provide a legal determination of the Village's compliance.

Basis for Qualified Opinion on Community Development Block Grant

As described in finding 2013-006 in the accompanying Schedule of Findings, the Village did not comply with requirements regarding cash management applicable to its Community Development Block Grant major federal program. Compliance with this requirement is necessary, in our opinion, for the Village to comply with requirements applicable to this program.

Qualified Opinion on Community Development Block Grant

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Community Development Block Grant* paragraph, the Village of Crown City complied, in all material respects, with the requirements referred to above that could directly and materially affect its Community Development Block Grant for the year ended December 31, 2013.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which OMB Circular A-133 requires us to report, described in the accompanying Schedule of Findings as item 2013-007. This finding did not require us to modify our compliance opinion on the major federal program.

The Village's response to our noncompliance findings are described in the accompanying Schedule of Findings or corrective action plan. We did not audit the Village's responses and, accordingly, we express no opinion on them.

Report on Internal Control Over Compliance

The Village's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Village's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Village's internal control over compliance.

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings as item 2013-006 to be a material weakness.

The Village's response to the internal control over compliance finding is described in the accompanying Schedule of Findings. We did not audit the Village's response and, accordingly, we express no opinion on it.

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



Dave Yost
Auditor of State

Columbus, Ohio

January 15, 2015

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**VILLAGE OF CROWN CITY
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2013 AND 2012**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	Yes
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Qualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	Yes
<i>(d)(1)(vii)</i>	Major Programs (list): <ul style="list-style-type: none"> • Community Development Block Grant – CFDA #14.228 	
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

FINDING NUMBER 2013-001

Noncompliance

Ohio Rev. 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 clerk 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 §§ 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

VILLAGE OF CROWN CITY
GALLIA COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2013 AND 2012
(Continued)

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

FINDING NUMBER 2013-001 (Continued)

Noncompliance - Ohio Rev. Code § 5705.41(D)(1) (Continued)

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 Village can authorize the drawing of a warrant for the payment of the amount due. The Village has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

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 Village.

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 Village 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 Village did not properly certify the availability of funds prior to purchase commitments for 56% of expenditures tested in 2013 and 88% of expenditures tested in 2012. There was no evidence that the Village followed the aforementioned exceptions.

Unless the Village uses the exceptions noted above, 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 Village's funds exceeding budgetary spending limitations, we recommend that the Fiscal Officer certify that the funds are, or will be, available prior to obligation by the Village. When prior certification is not possible, "then and now" certification should be used.

We recommend the Village Officials and employees obtain the Fiscal Officer's certification of the availability of funds prior to the commitment being incurred. The most convenient certification method is to use purchase orders that include the certification language Ohio Rev. Code § 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification at the time the Village incurs a commitment, and only when the requirements of Ohio Rev. Code § 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase orders to the proper appropriation code to reduce the available appropriation.

Officials' Response: This will be corrected. We started using blanket purchase orders in January 2014.

**VILLAGE OF CROWN CITY
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2013 AND 2012
(Continued)**

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2013-002

Material Weakness

Sound financial reporting is the responsibility of the fiscal officer and governing board and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

As a result of the audit procedures performed, the following errors were noted in the financial statements that required audit adjustment or reclassification:

2012

- The Village incorrectly posted Debt Principal Payments for the Fire Department Building Bond payment in the General Fund totaling \$3,595 as Debt Interest and \$510 as Security of Persons and Property.
- The Village incorrectly reported \$13,613 General Fund balance as Unassigned instead of Assigned.
- The Village incorrectly posted Debt Principal Payments for the Fire Department Building Bond payment in the Fire Fund totaling \$2,000 as Security of Persons and Property.
- The Village incorrectly posted audit costs in the General fund totaling \$2,001 as Debt Interest instead of General Government.
- The Village incorrectly posted Capital Outlay for the purchase of a fire truck in the Fire Fund totaling \$22,000 as Security of Persons and Property.
- The Village incorrectly posted Gas Tax receipts totaling \$5,654 to the General Fund instead of \$5,230 to the Street Fund and \$424 to the State Highway Fund.
- The Village incorrectly posted Gas Tax receipts totaling \$6,559 to the State Highway Fund which should have been posted to the Street Fund.
- The Village incorrectly reported \$25,392 of Park Fund balance as Restricted instead of Committed.
- The Village did not post the Ohio Water Development Authority (OWDA) Forgiveness of a Loan in the Sewer Fund totaling \$376,249 as Intergovernmental Revenue and Debt Payment.
- The Village incorrectly posted Proceeds of Loans totaling \$22,482 and Intergovernmental Revenue totaling \$122,856 as Special Assessments in the Sewer Fund.
- The Village incorrectly posted sewer consultant fees totaling \$13,280 as Debt Interest instead of Capital Outlay in the Sewer Fund.
- The Village incorrectly posted Debt Principal of \$1,990 as Capital Outlay in the Sewer Fund.
- The Village did not post OWDA Principal Forgiveness totaling \$1,405,321 as Intergovernmental Revenue and Capital Outlay in the Sewer Fund.
- The Village did not post Ohio Public Works Commission (OPWC) on behalf payments totaling \$306,846 as Intergovernmental Revenue and Capital Outlay in the Sewer Fund.
- The Village did not post OWDA on behalf payments totaling \$1,904,426 as Proceeds of Loan and Principal Retirement in the Sewer Fund.

VILLAGE OF CROWN CITY
GALLIA COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2013 AND 2012
(Continued)

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2013-002
(Continued)

Material Weakness (Continued)

2013

- The Village incorrectly posted Debt Principal Payments for the Fire Department Building Bond payment in the General Fund totaling \$1,684 as Debt Interest.
- The Village incorrectly reported \$11,899 General Fund balance as Unassigned instead of Assigned.
- The Village incorrectly posted Debt Principal Payments for the Fire Department Building Bond payment in the Fire Fund totaling \$4,142 as Security of Persons and Property.
- The Village incorrectly posted Gas Tax receipts totaling \$5,621 to the General Fund Intergovernmental (\$5,194) and Taxes (\$427) instead of \$5,199 to the Street Fund and \$422 to the State Highway Fund.
- The Village incorrectly posted Gas Tax receipts totaling \$4,188 to the State Highway Fund which should have been posted to the Street Fund.
- The Village incorrectly mapped the activity of the Sewer Operating Fund and the Sewer Capital Projects Fund as Capital Projects funds instead of as Enterprise funds.
- The Village did not post the Ohio Water Development Authority (OWDA) and Ohio Public Works Commission (OPWC) Proceeds of Loans in the Sewer Fund totaling \$1,388,262 as Proceeds of Debt and Capital Outlay.
- The Village incorrectly posted Proceeds of Loans totaling \$46,158 and Intergovernmental Revenue totaling \$523,182 as Special Assessments in the Sewer Fund.
- The Village did not post OWDA Principal Forgiveness totaling \$1,407,644 as Intergovernmental Revenue and Capital Outlay in the Sewer Fund.
- The Village did not post Ohio Public Works Commission (OPWC) on behalf payments totaling \$193,154 as Intergovernmental Revenue and Capital Outlay in the Sewer Fund.
- The Village did not post Appalachian Regional Commission (ARC) on behalf payments totaling \$225,000 as Intergovernmental Revenue and Capital Outlay in the Sewer Fund.
- The Village did not post OWDA Principal Forgiveness totaling \$1,462,491 as Proceeds of Loan and Principal Retirement in the Sewer Fund.

The audited financial statements and Village accounting system reflect the above adjustments.

To ensure the Village's financial statements and notes to the financial statements are complete and accurate, we recommend the Village Fiscal Officer review the Village Handbook for guidance on the correct line item to post various receipts and expenditures of the Village.

Officials' Response: We will follow the Village Fiscal Officer Handbook to post receipts and expenditures in the correct line item. I will double check receipts before posting.

VILLAGE OF CROWN CITY
GALLIA COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2013 AND 2012
(Continued)

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2013-003

Significant Deficiency

The Village should maintain an accounting system and accounting records sufficient to enable the Village to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

Miscellaneous cash receipts in the Fire Fund consisted largely of proceeds from the fire department's fall festival. The festival was conducted by the fire department and the proceeds were deposited with the Village Fiscal Officer in one lump sum. However, there were no records to support the deposits for the festival in 2013 or 2012 which were \$2,801 and \$4,013, respectively. The lack of accountability over these funds could lead to or otherwise indicate that errors, irregularities, misappropriation of assets, or fraud are occurring and going undetected.

We recommend the Village establish control procedures that would allow them to determine the completeness and existence of revenues and require all supporting documentation to be maintained in order for the Village to ensure that all receipts are accurate and appropriate.

Officials' Response: Most of the money received in the Fire Fund are donations for the Fire Festival. I will ask the firemen to list donations.

FINDING NUMBER 2013-004

Noncompliance

Ohio Rev. Code § 5705.40 provides, in part, that a subdivision may amend or supplement its appropriation measure provided the entity complies with the same provisions of law as are used in making the original appropriation. In addition, Ohio courts have held that a board or officer whose judgment and discretion is required, was chosen because they were deemed fit and competent to exercise that judgment and discretion and unless power to substitute another in their place has been given, such board or officer cannot delegate these duties to another. Following such reasoning, a Village Council would be prohibited from delegating duties statutorily assigned to it, such as the duty of amending appropriations. See *C.B. Transportation, Inc. v. Butler County Board of Mental Retardation*, 60 Ohio Misc. 71, 397 N.E.2d 781 (C.P. 1979); and *Burkholder v. Lauber*, 6 Ohio Misc. 152, 216 N.E.2d (C.P. 1965).

At December 31, 2013, appropriations as approved by the Village Council did not agree to the Village's accounting system. The variances were as follows:

**VILLAGE OF CROWN CITY
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2013 AND 2012
(Continued)**

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

FINDING NUMBER 2013-004 (Continued)

Noncompliance - Ohio Rev. Code § 5705.40 (Continued)

	Appropriations		
	Per App Measure	Per UAN system	Variance
General	\$58,833	\$58,575	(\$258)
Street	38,804	16,050	(22,754)
State Highway	21,447	10,425	(11,022)
Cemetery	13,179	4,000	(9,179)
Parks and Recreation	40,642	40,000	(642)
Fire	8,859	8,850	(9)
Sewer 4901	0	45,000	45,000
Sewer 4902	575,000	675,000	100,000
Sewer 5201	45,000	35,000	(10,000)

At December 31, 2012, appropriations as approved by the Village Council did not agree to the Village's accounting system. The variances are as follows:

	Appropriations		
	Per App Measure	Per UAN system	Variance
General	\$72,826	\$73,893	\$1,067
Street	40,497	16,000	(24,497)
State Highway	20,451	9,835	(10,616)
Cemetery	3,289	4,200	911
Parks and Recreation	626	500	(126)
Fire	31,169	30,594	(575)
Sewer 4902	129,000	281,000	152,000

An adjustment was made to the budgetary activity reported in Note 3 to the financial statements in order to accurately present appropriations approved by the Village Council.

We recommend the Village Council approve all appropriation amendments, record approval in the Council minutes, and file all appropriation amendments with the County Auditor in order to receive confirmation from the County Auditor that appropriations do not exceed estimated resources. The Fiscal Officer should only post legislatively approved amendments.

Officials' Response: Will try to do better.

FINDING NUMBER 2013-005

Noncompliance

Ohio Rev. Code § 2921.42(A)(4) provides that no public official shall knowingly have an interest in the profits or benefits of a public contract entered into by or for the use of the political subdivision or governmental agency or instrumentality with which he is connected.

VILLAGE OF CROWN CITY
GALLIA COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2013 AND 2012
(Continued)

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

FINDING NUMBER 2013-005 (Continued)

Noncompliance - Ohio Rev. Code § 2921.42(A)(4) (Continued)

Per Ohio Ethics Commission Advisory Opinion No. 91-002, the term "public official" is defined for purposes of § 2921.42 in § 2921.01(A) to include any elected or appointed officer of a political subdivision. The term "public contract" is defined in § 2921.42(E)(1) for purposes of that section to include the purchase or acquisition or a contract for the purchase or acquisition of property or services by or for the use of a political subdivision.

Per Ohio Ethics Commission Advisory Opinion No. 91-002, the Ethics Commission has consistently held that an employment relationship between a political subdivision and an employee is a "public contract" for purposes of § 2921.42, since the political subdivision is purchasing or acquiring the employee's services. Accordingly, § 2921.42(A)(4) prohibits an elected officer of a political subdivision from having a pecuniary interest in an employment contract with his own political subdivision.

On March 19, 2012, Village Council voted to add the duties of Secretary to the Mayor to the Fiscal Officer position for additional compensation in the amount of \$200 per month pending the approval of the Village Solicitor. The Fiscal Officer obtained the approval of the Village Solicitor and proceeded upon his advice. This resulted in a conflict of interest per Advisory Opinion No. 91-002.

We recommend the Fiscal Officer immediately resign his position as Secretary to the Mayor in order to comply with the Ethics Commission Advisory Opinion.

Officials' Response: I contacted the State Auditor's Office in Athens, Ohio on January 15, 2012 for advice on a small pay increase due to the fact I was working 35 - 40 hours per week with the Village's \$6.5 million dollar sewer project. I followed the recommended procedure he advised. I resigned the position as secretary to the Mayor January 5, 2015.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Finding Number	2013-006
CFDA Title and Number	Community Development Block Grant – CFDA #14.228
Federal Award Number / Year	C-W-11-2MG-1
Federal Agency	United States Department of Housing and Urban Development
Pass-Through Agency	Ohio Department of Development

Noncompliance/Material Weakness

24 C.F.R. § 85.21(c) and Section (A)(3)(f) of the Ohio Department of Development, Office of Housing and Community Partnership's Financial Management Rules and Regulations Handbook, require grantees to develop a cash management system to ensure compliance with the Fifteen Day Rule relating to prompt disbursement of funds. This rule states that fund draw downs should be limited to amounts that will enable the grantee to disburse funds on hand to a balance of less than \$5,000 within fifteen days of receipt. Lump sum draw downs are not permitted.

**VILLAGE OF CROWN CITY
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2013 AND 2012
(Continued)**

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)
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FINDING NUMBER 2013-006 (Continued)

Noncompliance/Material Weakness (Continued)

The State of Ohio Department of Development, Office of Housing and Community Partnership Financial Management Rules and Regulations Handbook, Section (A)(3)(I), states that the grantee should deposit federal funds received from OHCP in a non-interest bearing account. If the grantee deposits funds in an interest bearing account, the grantee must remit to OHCP, on at least a quarterly basis, any interest earned that totals more than \$100 per year. The check must be payable to the U.S. Department of Housing and Urban Development. In addition, the grantee must, on a monthly basis, credit any interest earned to the appropriate grant. The only exception is an escrow account for rehabilitation of private property.

The following funds were drawn down but were not disbursed to a balance of less than \$5,000 within fifteen days of receipt:

From Grant C-W-11-2MG-1 Community Development Block Grant:

- Draw dated December 9, 2012, was requested in the amount of \$392,145. The Village received the funding on September 30, 2013; however, the money was not expended within fifteen days of receipt as required, and the balance exceeded \$5,000 until October 22, 2013 or 22 days.
- Draw dated October 7, 2013, was requested in the amount of \$57,440. The Village received the funding on October 28, 2013; however, the money was not expended within fifteen days of receipt as required, and the balance exceeded \$5,000 until December 27, 2013 or 60 days.

Based on our testing utilizing the 1% average 2013 U.S. Treasury Current Value of Funds Rate, we estimate the imputed interest could have been \$89 for the year ended December 31, 2013.

We recommend the Village monitor the cash balances in these funds to determine when and how much cash to request. This will help to ensure the monies drawn down are expended within fifteen days.

Officials' Response: See the attached Corrective Action Plan.

Finding Number	2013-007
CFDA Title and Number	Community Development Block Grant – CFDA #14.228
Federal Award Number / Year	C-W-11-2MG-1
Federal Agency	United States Department of Housing and Urban Development
Pass-Through Agency	Ohio Department of Development

Noncompliance

OMB Circular Number A-133, Subpart C, §_.300(a) requires the auditee to identify in its accounts, all Federal awards received and expended and the federal programs under which they were received. Federal program and award identification shall include, as applicable, the CFDA title and number, award number and year, name of the Federal agency, and name of the pass-through entity.

VILLAGE OF CROWN CITY
GALLIA COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
DECEMBER 31, 2013 AND 2012
(Continued)

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)

FINDING NUMBER 2013-007(Continued)

Noncompliance (Continued)

Furthermore, OMB Circular Number A-133, Subpart B §_.200(a) requires that non-federal entities that expend \$500,000 or more in a year in Federal awards shall have a single or program-specific audit conducted annually. Subpart C, §_.300(e) also requires the auditee to ensure that the audits required by this part are properly performed and submitted when due (within nine months of the year end).

Although an annual federal single audit was performed for the year ended December 31, 2013, the completion of the audit did not meet the single audit deadline of September 30, 2014, due to the Village being unaware that a federal single audit was required for that year.

We recommend the Village identify all Federal awards received and expended each year in order to determine if the Village is required to have a single audit. If a single audit is required, we recommend the Village take steps to ensure its annual audit is completed and submitted to the Single Audit Clearinghouse within nine months of the year end.

Officials' Response: See the attached Corrective Action Plan.

**VILLAGE OF CROWN CITY
GALLIA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133 § .315(b)
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2011-001	Material Weakness – Posting of receipts and expenditures.	No	Reissued as Finding Number 2013-002
2011-002	Ohio Rev. Code § 5705.41(D) – certification of availability of funds prior to commitment.	No	Reissued as Finding Number 2013-001

VILLAGE OF CROWN CITY
GALLIA COUNTY

CORRECTIVE ACTION PLAN
OMB CIRCULAR A-133 § .315(c)
DECEMBER 31, 2013

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2013-2006	I was unaware of the fifteen day limit. We do not anticipate receiving grant funds in the next couple of years.	1/15/15	Paul Dillon
2013-007	We were unaware of the need for a Single Audit. I was instructed that a government agency would contact us.	1/15/15	Paul Dillon

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Dave Yost • Auditor of State

VILLAGE OF CROWN CITY

GALLIA 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
FEBRUARY 5, 2015**