



**VILLAGE OF COLLEGE CORNER
PREBLE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**VILLAGE OF COLLEGE CORNER
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REPORT OF INDEPENDENT ACCOUNTANTS

Village of College Corner
Preble County
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, 1999 and 1998. 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 generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 1999 and 1998 and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 18, 2000 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 grants.

This report is intended solely for the information and use of management, Village Council and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro".

Jim Petro
Auditor of State

August 18, 2000

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**VILLAGE OF COLLEGE CORNER
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES -
 FOR THE YEAR ENDED DECEMBER 31, 1999**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts:			
Property Tax and Other Local Taxes	\$12,040	\$3,414	\$15,454
Intergovernmental Receipts	44,052	22,903	66,955
Charges for Services	1,652		1,652
Fines, Licenses, and Permits	438		438
Earnings on Investments	12,452	3,927	16,379
Miscellaneous	865	63	928
	71,499	30,307	101,806
Cash Disbursements:			
Current:			
Security of Persons and Property	23,962	7,500	31,462
Public Health Services	25		25
Transportation	100	10,047	10,147
General Government	24,544	155	24,699
Capital Outlay		1,318	1,318
	48,631	19,020	67,651
Total Receipts Over/(Under) Disbursements	22,868	11,287	34,155
Other Financing Receipts/(Disbursements):			
Contingencies	(1,066)		(1,066)
Total Other Financing Receipts/(Disbursements)	(1,066)		(1,066)
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	21,802	11,287	33,089
Fund Cash Balances January 1	99,956	71,518	171,474
Fund Cash Balances, December 31	\$121,758	\$82,805	\$204,563
Reserves for Encumbrances, December 31	\$27	\$10	\$37

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

**VILLAGE OF COLLEGE CORNER
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
 CHANGES IN FUND CASH BALANCES - ENTERPRISE FUND -
 FOR THE YEAR ENDED DECEMBER 31, 1999**

Operating Cash Receipts:	
Charges for Services	\$99,249
Interest	<u>2,149</u>
Total Operating Cash Receipts	<u>101,398</u>
Operating Cash Disbursements:	
Personal Services	7,033
Fringe Benefits	235
Contractual Services	89,789
Supplies and Materials	3,054
Miscellaneous	8,236
Capital Outlay	<u>11,622</u>
Total Operating Cash Disbursements	<u>119,969</u>
Operating Income/(Loss)	<u>(18,571)</u>
Non-Operating Cash Disbursements:	
Debt Service	<u>20,432</u>
Total Non-Operating Cash Disbursements	<u>20,432</u>
Net Receipts Over/(Under) Disbursements	(39,003)
Fund Cash Balances, January 1	<u>344,802</u>
Fund Cash Balances, December 31	<u>\$305,799</u>
Reserve for Encumbrances, December 31	<u>\$12,104</u>

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

**VILLAGE OF COLLEGE CORNER
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES -
 FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:			
Property Tax and Other Local Taxes	\$13,195	\$8,021	\$21,216
Intergovernmental Receipts	41,664	16,942	58,606
Charges for Services	2,614		2,614
Fines, Licenses, and Permits	209		209
Earnings on Investments	13,565	2,479	16,044
	<u>71,247</u>	<u>27,442</u>	<u>98,689</u>
Cash Disbursements:			
Current:			
Security of Persons and Property	22,388	7,500	29,888
Public Health Services	24		24
Transportation	100	4,471	4,571
General Government	26,697	155	26,852
Capital Outlay	10,888	9,885	20,773
	<u>60,097</u>	<u>22,011</u>	<u>82,108</u>
Total Receipts Over/(Under) Disbursements	<u>11,150</u>	<u>5,431</u>	<u>16,581</u>
Other Financing Receipts/(Disbursements):			
Contingencies	<u>(75)</u>		<u>(75)</u>
Total Other Financing Receipts/(Disbursements)	<u>(75)</u>		<u>(75)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	11,075	5,431	16,506
Fund Cash Balances January 1	<u>88,881</u>	<u>66,087</u>	<u>154,968</u>
Fund Cash Balances, December 31	<u>\$99,956</u>	<u>\$71,518</u>	<u>\$171,474</u>

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

**VILLAGE OF COLLEGE CORNER
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
 CHANGES IN FUND CASH BALANCES - ENTERPRISE FUND -
 FOR THE YEAR ENDED DECEMBER 31, 1998**

Operating Cash Receipts:	
Charges for Services	\$108,214
Interest	<u>2,135</u>
Total Operating Cash Receipts	<u>110,349</u>
Operating Cash Disbursements:	
Personal Services	6,108
Fringe Benefits	500
Contractual Services	19,735
Supplies and Materials	7,814
Miscellaneous	8,439
Capital Outlay	<u>4,872</u>
Total Operating Cash Disbursements	<u>47,468</u>
Operating Income/(Loss)	<u>62,881</u>
Non-Operating Cash Disbursements:	
Debt Service	<u>19,732</u>
Total Non-Operating Cash Disbursements	<u>19,732</u>
Net Receipts Over/(Under) Disbursements	43,149
Fund Cash Balances, January 1	<u>301,653</u>
Fund Cash Balances, December 31	<u>\$344,802</u>

**VILLAGE OF COLLEGE CORNER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of College Corner, Preble County, Ohio (the Village), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected, six-member Council. The Village provides general governmental services, including water and sewer utilities. The Village contracts with the Butler County Sheriff's Department to provide security of persons and property.

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

B. Basis of Accounting

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

C. Cash and Deposits

Certificates of deposit are valued at cost. Interest earned is recognized and recorded when received.

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Fund

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

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 and contracts with local township fire districts to provide for the protection of area citizens.

**VILLAGE OF COLLEGE CORNER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Enterprise Funds

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

Water Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

Sewer Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

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 Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Village did not encumber all commitments required by Ohio law; however, a review was performed to determine the amount of encumbrances at year end which were not recorded. As of December 31, 1999 and 1998, there were no material unrecorded encumbrances.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

**VILLAGE OF COLLEGE CORNER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

2. EQUITY IN POOLED CASH AND DEPOSITS

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

	<u>1999</u>	<u>1998</u>
Demand deposits	\$240,862	\$255,108
Certificates of deposit	<u>269,500</u>	<u>261,168</u>
Total deposits	<u>\$510,362</u>	<u>\$516,276</u>

Deposits

Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) not insured or collateralized.

The Village maintained its depository account and certificates of deposit in a bank located in Indiana, which is not an eligible depository under Ohio law.

At December 31, 1999, \$191,443 of deposits were not insured or collateralized, contrary to Chapter 135, Ohio Revised Code.

At December 31, 1998, \$143,323 of deposits were not insured or collateralized, contrary to Chapter 135, Ohio Revised Code.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 48,050	\$ 71,499	\$ 23,449
Special Revenue	24,210	30,307	6,097
Enterprise	<u>88,000</u>	<u>101,398</u>	<u>13,398</u>
Total	<u>\$ 160,260</u>	<u>\$ 203,204</u>	<u>\$ 42,944</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 147,050	\$ 49,724	\$ 97,326
Special Revenue	71,000	19,030	51,970
Enterprise	<u>379,100</u>	<u>152,505</u>	<u>226,595</u>
Total	<u>\$ 597,150</u>	<u>\$ 221,259</u>	<u>\$ 375,891</u>

**VILLAGE OF COLLEGE CORNER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 47,960	\$ 71,247	\$ 23,287
Special Revenue	25,190	27,442	2,252
Enterprise	88,000	110,349	22,349
Total	\$ 161,150	\$ 209,038	\$ 47,888

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 136,350	\$ 60,172	\$ 76,178
Special Revenue	68,000	22,011	45,989
Enterprise	341,400	67,200	274,200
Total	\$ 545,750	\$ 149,383	\$ 396,367

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, 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.

5. DEBT

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan	\$ 26,038	2%
USDA Mortgage Revenue Bonds	106,000	5%
Total	\$ 132,038	

**VILLAGE OF COLLEGE CORNER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

5. DEBT (Continued)

The Ohio Water Development Authority (OWDA) loan relates to a water plant expansion project. The OWDA has approved a \$70,000 loan to the Village for this project. The loan will be repaid in semiannual installments of \$3,891, including interest, over 10 years. The semi-annual payment due January 1, 2000 was paid December 6, 1999.

The United States Department of Agriculture (USDA) mortgage revenue bonds were for the construction of sanitary sewers. The USDA has approved \$207,000 of bonds for this project. The bonds will be repaid in annual installments of varying amounts, the minimum of \$10,450 and the maximum of \$12,650 including interest, over 40 years. The annual payment due January 1, 2000 was paid on December 6, 1999.

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

<u>Year ending December 31:</u>	<u>OWDA Loan</u>	<u>Mortgage Revenue Bonds</u>
2000	\$ 3,891	\$ 0
2001	7,782	12,300
2002	7,782	11,950
2003	7,782	11,600
2004	0	11,250
Subsequent	<u>0</u>	<u>98,550</u>
Total	<u>\$27,237</u>	<u>\$ 145,650</u>

In addition to the debt described above, the Village has defeased a water works improvements bond issue from prior years. Debt principal outstanding at December 31, 1999 was \$27,000. Assets accumulated to retire this debt are held by a trustee.

6. RETIREMENT SYSTEMS

Some elected officials and one part-time employee belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 1999.

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

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

**VILLAGE OF COLLEGE CORNER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

8. DEBT SERVICE TRUSTEED FUNDS

As disclosed in Note 5, the Village has also defeased a water works improvements bond issue. At December 31, 1999, the custodian held \$35,791 in Village assets to retire this debt.



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Village of College Corner
Preble County
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, 1999 and 1998, and have issued our report thereon dated August 18, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 1999-30368-001 through 1999-30368-003. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated August 18, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated August 18, 2000.

This report is intended for the information and use of management and Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

August 18, 2000

**VILLAGE OF COLLEGE CORNER
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 1999-30368-001

Compliance - Eligible Depositories

Ohio Revised Code, Section 135.03, stipulates any bank located in this State and any bank as defined by Section 1101.1 of the Revised Code, subject to inspection by the superintendent of financial institutions, is eligible to become a public depository.

The Village maintains its checking accounts and some certificates of deposits at a bank located in Indiana, which is not an eligible depository.

Banks located in the State of Indiana are not subject to the Ohio Revised Code and, therefore, do not provide pledged collateral for deposits greater than \$100,000.

We recommend the Village bank with eligible banks.

FINDING NUMBER 1999-30368-002

Compliance - Public Depository Collateral

Ohio Revised Code, Section 135.18, specifies that the Clerk/Treasurer shall require public depositories to pledge to and deposit with the village, as a security for the repayment of all public moneys to be deposited in the public depository during the period of designation, eligible securities of aggregate market value equal to the excess of the amount of public moneys deposited over and above such portion or amount as is time insured by the federal deposit insurance corporation or by any other agency or instrumentality of the federal government.

As of December 31, 1999, \$191,443.06 and as of December 31, 1998, \$143,323.44 on deposit with public depositories was not collateralized by eligible securities. This was pervasive throughout the audit period. These deposits were located in a bank in the State of Indiana, which does not follow Ohio Revised Code, Section 135.18.

Should the bank in Indiana fail, the Village may run the risk of losing any funds not covered by the Federal Deposit Insurance Act .

We recommend the Village take steps to ensure that all Village deposits are adequately collateralized.

FINDING NUMBER 1999-30368-003

Compliance - Encumbrances

Ohio Revised Code, Section 5705.41(D), requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

**VILLAGE OF COLLEGE CORNER
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998
(Continued)**

**FINDING NUMBER 1999-30368-003
(Continued)**

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

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

The Village did not properly certify the availability of funds. The invoice preceded the purchase order for 54% of the Village's expenditures tested. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

We recommend the Village properly certify the availability of funds by obtaining approved purchase orders, which contain the Clerk's certification that the amount required to meet the obligation has been lawfully appropriated and authorized, prior to making a commitment.



STATE OF OHIO
OFFICE OF THE AUDITOR

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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
SEPTEMBER 14, 2000**