



**VILLAGE OF CENTERBURG  
KNOX COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



VILLAGE OF CENTERBURG  
KNOX COUNTY

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## REPORT OF INDEPENDENT ACCOUNTANTS

Village of Centerburg  
Knox County  
27 North Hartford Street  
Centerburg, Ohio 43011

To the Village Council:

We have audited the accompanying financial statements of the Village of Centerburg, Knox County, Ohio, (the Village) as of and for the years ended December 31, 2001 and December 31, 2000. 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 audits 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 audits provide 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 accounting principles generally accepted in the United States of America.

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, 2001 and December 31, 2000, 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 February 1, 2002 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

This report is intended solely for the information and use of the audit committee, 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.

**JIM PETRO**  
Auditor of State

February 1, 2002

**VILLAGE OF CENTERBURG  
KNOX COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property Tax and Other Local Taxes	\$264,482	\$20,793	\$285,275
Intergovernmental Receipts	47,365	54,527	101,892
Charges for Services	3,395	0	3,395
Fines, Licenses, and Permits	15,600	0	15,600
Earnings on Investments	4,466	1,264	5,730
Miscellaneous	7,633	0	7,633
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	342,941	76,584	419,525
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	85,302	19,315	104,617
Public Health Services	750	0	750
Leisure Time Activities	1,319	0	1,319
Community Environment	3,881	0	3,881
Transportation	73,228	31,838	105,066
General Government	146,263	426	146,689
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	310,743	51,579	362,322
	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	32,198	25,005	57,203
<b>Other Financing Receipts/(Disbursements):</b>			
Transfers-Out	(31,995)	0	(31,995)
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	203	25,005	25,208
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1, 2001	120,133	70,945	191,078
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31, 2001</b>	<b><u>\$120,336</u></b>	<b><u>\$95,950</u></b>	<b><u>\$216,286</u></b>

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

**VILLAGE OF CENTERBURG  
KNOX COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$339,048
Miscellaneous	18,039
	<u>357,087</u>
Total Operating Cash Receipts	<u>357,087</u>
<b>Operating Cash Disbursements:</b>	
Personal Services	77,496
Fringe Benefits	29,024
Contractual Services	60,056
Supplies and Materials	21,922
Capital Outlay	373,254
	<u>561,752</u>
Total Operating Cash Disbursements	<u>561,752</u>
Operating Income/(Loss)	<u>(204,665)</u>
<b>Non-Operating Cash Receipts:</b>	
Intergovernmental Receipts	<u>300,697</u>
<b>Non-Operating Cash Disbursements:</b>	
Debt Service	88,695
Other Non-Operating Cash Disbursements	183
	<u>88,878</u>
Total Non-Operating Cash Disbursements	<u>88,878</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	7,154
Transfers-In	<u>31,995</u>
Net Receipts Over/(Under) Disbursements	39,149
Fund Cash Balances, January 1, 2001	<u>135,029</u>
<b>Fund Cash Balances, December 31, 2001</b>	<b><u><u>\$174,178</u></u></b>
Reserve for Encumbrances, December 31, 2001	<u><u>\$2,471</u></u>

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



**VILLAGE OF CENTERBURG  
KNOX COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property Tax and Other Local Taxes	\$247,295	\$20,197	\$267,492
Intergovernmental Receipts	49,711	53,867	103,578
Fines, Licenses, and Permits	12,714	0	12,714
Earnings on Investments	5,486	1,065	6,551
Miscellaneous	5,107	0	5,107
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	320,313	75,129	395,442
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	66,935	28,311	95,246
Public Health Services	923	0	923
Leisure Time Activities	1,040	0	1,040
Community Environment	3,617	0	3,617
Basic Utility Services	50,000	0	50,000
Transportation	52,233	45,224	97,457
General Government	127,293	435	127,728
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	302,041	73,970	376,011
	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	18,272	1,159	19,431
<b>Other Financing Receipts/(Disbursements):</b>			
Transfers-Out	(5,699)	0	(5,699)
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	12,573	1,159	13,732
	<hr/>	<hr/>	<hr/>
Fund Cash Balances January 1, 2000	107,560	69,786	177,346
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31, 2000</b>	<b><u>\$120,133</u></b>	<b><u>\$70,945</u></b>	<b><u>\$191,078</u></b>
	<hr/>	<hr/>	<hr/>
Reserves for Encumbrances, December 31, 2000	<u>\$10,313</u>	<u>\$2,315</u>	<u>\$12,628</u>

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

**VILLAGE OF CENTERBURG  
KNOX COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$379,356
Miscellaneous	4,121
	<u>383,477</u>
<b>Operating Cash Disbursements:</b>	
Personal Services	73,907
Fringe Benefits	21,422
Contractual Services	66,712
Supplies and Materials	27,011
Capital Outlay	49,202
	<u>238,254</u>
Operating Income/(Loss)	<u>145,223</u>
<b>Non-Operating Cash Receipts:</b>	
Intergovernmental Receipts	<u>14,364</u>
<b>Non-Operating Cash Disbursements:</b>	
Debt Service	87,071
Other Non-Operating Cash Disbursements	1,498
	<u>88,569</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	71,018
Transfers-In	<u>5,699</u>
Net Receipts Over/(Under) Disbursements	76,717
Fund Cash Balances, January 1, 2000	<u>58,312</u>
<b>Fund Cash Balances, December 31, 2000</b>	<b><u>\$135,029</u></b>
Reserve for Encumbrances, December 31, 2000	<u>\$6,337</u>

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

**VILLAGE OF CENTERBURG  
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Centerburg, Knox County, (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, and police services. The Village contracts with the Knox County Sheriff's department to provide security of persons and property. The Village contracts with Central Ohio Joint Fire Department to provide fire protection services.

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. Fund Accounting**

The Village uses fund accounting to segregate cash that is 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.

*Police Levy Fund* - This fund receives property tax money for contracted police services with the Knox County Sheriff's Department.

**VILLAGE OF CENTERBURG  
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**C. Fund Accounting** (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.

**D. 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, 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.

A summary of 2001 and 2000 budgetary activity appears in Note 3.

**E. 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 CENTERBURG  
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

**2. EQUITY IN POOLED CASH**

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

	2001	2000
Demand deposits	\$ 390,464	\$ 326,107

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2001 and December 31, 2000 follows:

<b>2001 Budgeted vs. Actual Receipts</b>			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$299,459	\$342,941	\$43,482
Special Revenue	89,800	76,584	(13,216)
Enterprise	330,000	689,779	359,779
Total	\$719,259	\$1,109,304	\$390,045

<b>2001 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$351,022	\$342,738	\$8,284
Special Revenue	72,500	51,579	20,921
Enterprise	723,681	653,101	70,580
Total	\$1,147,203	\$1,047,418	\$99,785

**VILLAGE OF CENTERBURG  
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

**2000 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$300,000	\$320,313	\$20,313
Special Revenue	63,300	75,129	11,829
Enterprise	310,000	403,540	93,540
Total	<u>\$673,300</u>	<u>\$798,982</u>	<u>\$125,682</u>

**2000 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$385,800	\$318,053	\$67,747
Special Revenue	100,278	76,285	23,993
Enterprise	353,100	333,160	19,940
Total	<u>\$839,178</u>	<u>\$727,498</u>	<u>\$111,680</u>

Total appropriations from the Enterprise Improvement fund exceeded the total certified resources in fiscal year 2001.

**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 payment, 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. LOCAL INCOME TAX**

The Village levies a municipal income tax of one percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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

**VILLAGE OF CENTERBURG  
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**6. DEBT**

Debt outstanding at December 31, 2001 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan	\$505,368	6.05%
Ohio Water Development Authority Loan - Sewer Lines	134,659	0%
Total	\$640,027	

The Ohio Water Development Authority (OWDA) loan relates to a water and sewer plant expansion project that was mandated by the Ohio Environmental Protection Agency. The OWDA originally approved up to \$689,042 in loans to the Village for this project. The loans will be repaid in semiannual installments of \$33,245, including interest, over 25 years.

The OWDA - Sewer Line loan relates to a water and sewer line replacement project. The OWDA has approved up to \$134,659 in loans to the Village for this project. The loans will be repaid in semiannual installments of \$3,367 with no interest over 20 years.

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

Year ending December 31:	OWDA Loan	OWDA Loan - Sewer Lines
2002	\$66,489	\$6,733
2003	66,489	6,733
2004	66,489	6,733
2005	66,489	6,733
2006	66,489	6,733
2007-2011	332,445	33,665
2012-2016	166,223	33,665
2017 - 2022		33,665
Total	\$831,113	\$134,660

**7. RETIREMENT SYSTEMS**

Full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plans. This plan provides retirement benefits, including postretirement 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 wages. The Village contributed an amount equal to 13.55% of PERS participants' gross salaries through June 30, 2000. For the period July 1 through December 31, 2000, PERS temporarily reduced employer contributions to 8.13%. The Village has paid all contributions required through December 31, 2001.

**VILLAGE OF CENTERBURG  
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**8. RISK MANAGEMENT**

**Commercial Insurance**

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.
- Fire Broiler
- Inland Marine





**STATE OF OHIO  
OFFICE OF THE AUDITOR**

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

Village of Centerburg  
Knox County  
27 North Hartford Street  
Centerburg, Ohio 43011

To the Village Council:

We have audited the accompanying financial statements of the Village of Centerburg, Knox County, Ohio, (the Village) as of and for the years ended December 31, 2001 and December 31, 2000, and have issued our report thereon dated February 1, 2002. We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 audits 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 2001-30642-001 and 2001-30642-002.

**Internal Control Over Financial Reporting**

In planning and performing our audits, we considered the 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. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 2001-30642-003.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness.

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

**JIM PETRO**  
Auditor of State

February 1, 2002

VILLAGE OF CENTERBURG  
KNOX COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2001 AND 2000

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

FINDING NUMBER 2001-30642-001

Ohio Rev. Code Section 5705.41(D) states in part that no subdivision shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of fiscal officer of the subdivision. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

This section also provides two "exceptions" to the above requirement:

- a. Then and Now Certificate - 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, Council may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
- b. If the amount involved is less than \$1,000, the fiscal officer may authorize it to be paid without the affirmation of Council, if such expenditure is otherwise valid.

Also, the Clerk-Treasurer could certify funds before payment is made through the issuance of a blanket or super blanket purchase order. For blanket certificates, one blanket certificate may be issued for each line item appropriation and must not exceed \$5,000 or three months. For super blanket certificates, more than one certificate can be outstanding per line item appropriation, they may be issued for any amount, and they may exceed three months. Blanket certificates should be canceled at the end of each fiscal year.

Prior certification of funds by the Clerk-Treasurer was not obtained for 50% of expenditures tested and neither of the exceptions provided for were used. To improve controls over disbursements, we recommend that all Village disbursements receive prior certification of the fiscal officer that the funds are or will be available. When prior certification is not possible, then and now certification or blankets should be utilized.

FINDING NUMBER 2001-30642-002

Ohio Rev. Code Section 5705.39 requires that total appropriations from each fund not exceed total estimated fund resources from each fund. This section also requires the Village to obtain a County Auditor's certificate that total appropriations from each fund do not exceed the total official estimate or amended official estimate when amending estimated resources.

During 2001, total appropriations exceeded total estimated resources as follows:

Fund	Estimated Resources	Appropriations	Variance
Enterprise Improvement Fund	\$ 0	\$ 377,781	\$(377,781)

The Clerk/Treasurer should obtain the required certificate from the County Auditor when amending appropriations and estimated resources.

VILLAGE OF CENTERBURG  
KNOX COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2001 AND 2000  
(Continued)

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

**FINDING NUMBER 2001-30642-003**

**Water and Wastewater**

The following internal control weaknesses were noted within the Water and Wastewater departmental operations:

1. The amount of gallon usage entered into the computer system did not agree with the meter books for three percent of the bills tested.
2. Customer billings were not properly calculated per the current rate structure for two percent of the bills tested.

The above weaknesses can result in errors in billing, over billing, possible loss of revenue and an inability to manage and monitor departmental operations in an effective manner.

To strengthen the existing operations, we recommend:

1. The Village Clerk review the billing register and meter books periodically to ensure that the proper amount of gallons are being billed to each customer. This review should be documented to evidence it has been performed.
2. The computer system's standing data rate structure should be reviewed with the computer vendor to ensure the rates charged are in compliance with the Village's rate ordinance. This review should occur each time system rate changes are made. The reviews should be documented. In addition, the Village should consult with the software vendor to identify the reasons for the errors in the program, or seek utility software that assures integrity within the application software.

**VILLAGE OF CENTERBURG  
KNOX COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2001**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
1999-30642-001	Not properly encumbering	No	This was not corrected and was carried forward as a material noncompliance citation in the current audit. See finding # 2001-30642-001.
1999-30642-002	Expenditures exceeded appropriations	Yes	Finding no longer valid.
1999-30642-003	Water and Wastewater internal control weaknesses	No	Partially corrected; See finding #2001-30642-003





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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800-282-0370  
Facsimile 614-466-4490

**VILLAGE OF CENTERBUG**

**KNOX 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  
MARCH 21, 2002**