



**VILLAGE OF CENTERBURG  
KNOX COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998**



**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, 1999 and December 31, 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 audits.

We conducted our audits 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 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 generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village as of December 31, 1999 and December 31, 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 July 12, 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

July 12, 2000



**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, 1999**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property Tax and Other Local Taxes	\$195,716	\$20,569	\$216,285
Intergovernmental Receipts	56,222	68,283	124,505
Charges for Services	3,307	0	3,307
Fines, Licenses, and Permits	10,322	0	10,322
Earnings on Investments	4,055	1,137	5,192
Miscellaneous	5,681	0	5,681
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	275,303	89,989	365,292
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	81,092	13,613	94,705
Public Health Services	728	0	728
Leisure Time Activities	2,310	0	2,310
Community Environment	3,704	0	3,704
Basic Utility Services	0	0	0
Transportation	26,280	75,152	101,432
General Government	106,466	492	106,958
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	220,580	89,257	309,837
Total Receipts Over/(Under) Disbursements	54,723	732	55,455
Fund Cash Balances, January 1, 1999	52,837	69,054	121,891
	<hr/>	<hr/>	<hr/>
<b>Fund Cash Balances, December 31, 1999</b>	<b><u>\$107,560</u></b>	<b><u>\$69,786</u></b>	<b><u>\$177,346</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, 1999

	<u>Enterprise</u>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$278,915
Total Operating Cash Receipts	<u>278,915</u>
<b>Operating Cash Disbursements:</b>	
Personal Services	85,852
Contractual Services	62,278
Supplies and Materials	21,760
Capital Outlay	13,915
Miscellaneous	<u>621</u>
Total Operating Cash Disbursements	<u>184,426</u>
Operating Income/(Loss)	<u>94,489</u>
<b>Non-Operating Cash Disbursements:</b>	
Debt Service	<u>84,787</u>
Total Non-Operating Cash Disbursements	<u>84,787</u>
Net Receipts Over/(Under) Disbursements	9,702
Fund Cash Balances, January 1, 1999	<u>48,610</u>
<b>Fund Cash Balances, December 31, 1999</b>	<b><u><u>\$58,312</u></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  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property Tax and Other Local Taxes	\$175,950	\$19,109	\$0	\$195,059
Intergovernmental Receipts	98,020	47,482	0	145,502
Charges for Services	3,232	0	0	3,232
Fines, Licenses, and Permits	7,311	0	0	7,311
Earnings on Investments	1,062	773	0	1,835
Miscellaneous	19,238	0	0	19,238
	<u>304,813</u>	<u>67,364</u>	<u>0</u>	<u>372,177</u>
<b>Total Cash Receipts</b>				
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	114,115	10,364	0	124,479
Public Health Services	731	0	0	731
Community Environment	3,408	0	0	3,408
Transportation	88,947	1,694	0	90,641
General Government	109,792	417	0	110,209
	<u>316,993</u>	<u>12,475</u>	<u>0</u>	<u>329,468</u>
<b>Total Cash Disbursements</b>				
Total Receipts Over/(Under) Disbursements	<u>(12,180)</u>	<u>54,889</u>	<u>0</u>	<u>42,709</u>
<b>Other Financing Receipts</b>				
Transfers-In	<u>0</u>	<u>0</u>	<u>5,154</u>	<u>5,154</u>
Total Other Financing Receipts/(Disbursements)	<u>0</u>	<u>0</u>	<u>5,154</u>	<u>5,154</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(12,180)	54,889	5,154	47,863
Fund Cash Balances, January 1, 1998	<u>65,017</u>	<u>14,165</u>	<u>(5,154)</u>	<u>74,028</u>
<b>Fund Cash Balances, December 31, 1998</b>	<b><u>\$52,837</u></b>	<b><u>\$69,054</u></b>	<b><u>\$0</u></b>	<b><u>\$121,891</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, 1998**

	<b>Enterprise</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$266,239
Total Operating Cash Receipts	266,239
<b>Operating Cash Disbursements:</b>	
Personal Services	85,403
Contractual Services	102,689
Supplies and Materials	12,646
Miscellaneous	2,840
Capital Outlay	4,715
Total Operating Cash Disbursements	208,293
Operating Income/(Loss)	57,946
<b>Non-Operating Cash Receipts:</b>	
Interest	2,994
Total Non-Operating Cash Receipts	2,994
<b>Non-Operating Cash Disbursements:</b>	
Debt Service	83,329
Other Non-Operating Cash Disbursements	330
Total Non-Operating Cash Disbursements	83,659
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	(22,719)
Transfers-Out	(5,154)
Total Non-Operating Cash Disbursements	(5,154)
Net Receipts Over/(Under) Disbursements	(27,873)
Fund Cash Balances, January 1, 1998	76,483
<b>Fund Cash Balances, December 31, 1998</b>	<b>\$48,610</b>

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, 1999 AND 1998**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Centerburg, Knox 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, and police protection. The Village contracts with the Knox 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. 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 & State Highway Fund - These funds receive 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.

**3. Capital Project Fund**

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds).

**VILLAGE OF CENTERBURG  
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

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

**C. Fund Accounting (Continued)**

**4. 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 and 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. 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 also approve estimated resources.

**3. Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made.

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 CENTERBURG  
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

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

**G. Unpaid Vacation and Sick Leave**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

**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 and investments at December 31 was as follows:

	<u>1999</u>	<u>1998</u>
Demand deposits	<u>\$235,658</u>	<u>\$170,501</u>

**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 ending December 31, 1999 and December 31, 1998 follows:

<b>1999 Budgeted vs. Actual Receipts</b>			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 272,250	\$ 275,303	\$ 3,053
Special Revenue	109,810	89,989	(19,821)
Enterprise	<u>282,381</u>	<u>278,915</u>	<u>(3,466)</u>
Total	<u>\$ 664,441</u>	<u>\$ 644,207</u>	<u>\$ (20,234)</u>

<b>1999 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 283,069	\$ 220,580	\$ 62,489
Special Revenue	115,210	89,257	25,953
Enterprise	<u>313,896</u>	<u>269,213</u>	<u>44,683</u>
Total	<u>\$ 712,175</u>	<u>\$ 579,050</u>	<u>\$ 133,125</u>

**VILLAGE OF CENTERBURG  
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

<b>1998 Budgeted vs. Actual Receipts</b>			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 216,153	\$ 304,813	\$ 88,660
Special Revenue	68,459	67,364	(1,095)
Capital Projects	0	5,154	5,154
Enterprise	<u>345,925</u>	<u>269,233</u>	<u>(76,692)</u>
Total	<u>\$ 630,537</u>	<u>\$ 646,564</u>	<u>\$ 16,027</u>

<b>1998 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 190,405	\$ 316,993	\$ (126,588)
Special Revenue	70,950	12,475	58,475
Enterprise	<u>346,061</u>	<u>291,952</u>	<u>54,109</u>
Total	<u>\$ 607,416</u>	<u>\$ 621,420</u>	<u>\$ (14,004)</u>

The Clerk Treasurer did not certify available funds prior to expenditures being incurred as outlined in Ohio Revised Code Section 5705.41(D).

The Village did not follow Ohio Revised Code Section 5705.41(B) as expenditures exceeded appropriations in the General Fund in 1998.

**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.

**VILLAGE OF CENTERBURG  
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

**5. DEBT**

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan	\$ 547,168	6.05%
General Obligation Bonds	27,500	8.35%
Total	\$ 574,668	

The General Obligation Bonds relate to the construction of a water tower in 1992. The bonds were approved for up to \$110,000, including interest, over 10 years.

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 has 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.

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

Year ending December 31:	General Obligation	OWDA Loan
2000	\$ 18,505	\$ 66,489
2001	19,190	66,489
2002	0	66,489
2003	0	66,489
2004	0	66,489
Subsequent	0	631,647
Total	\$ 37,695	\$ 964,092

**6. RETIREMENT SYSTEMS**

Full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. 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 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.

**VILLAGE OF CENTERBURG  
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

**7. RISK MANAGEMENT**

The Village has obtained commercial insurance for the following risks:

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





**STATE OF OHIO  
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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, 1999 and December 31, 1998, and have issued our report thereon dated July 12, 2000. We conducted our audits 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 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 1999-30642-001 and 1999-30642-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated July 12, 2000.

**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 1999-30642-003.

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. 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 July 12, 2000.

This report is intended for the information and use of the 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

July 12, 2000

**VILLAGE OF CENTERBURG  
KNOX COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 1999 AND 1998**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 1999- 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.

Prior certification of funds by the Clerk-Treasurer was not obtained for expenditures tested.

The Clerk-Treasurer should certify funds before each payment is made through the issuance of a regular, 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. For super blanket certificates, more than one certificate can be outstanding per line item appropriation and the certificate must exceed \$5,000. These blanket certificates should be canceled at the end of each fiscal year.

Also, as an alternative, the Clerk-Treasurer can issue then and now certificates for expenses up to \$1,000. Then and now certificates allow the Clerk-Treasurer to certify that both at the time the expenditure was made and at the time that the certification is completed, sufficient funds are available. These certificates can be certified by the Clerk-Treasurer without subsequent authorization from the Village Council. However, then and now certificates issued by the Clerk-Treasurer over \$1,000 must be authorized by the Village Council within thirty days after payment.

**FINDING NUMBER 1999- 30642-002**

Ohio Rev. Code Section 5705.41 (B) prohibits a Village from making an expenditure unless it has been properly appropriated.

In 1998, expenditures exceeded appropriations in the General Fund by \$126,588.

The Clerk-Treasurer should monitor expenditures throughout the year to ensure that they do not exceed the appropriations approved by Village Council.

**FINDING NUMBER 1999- 30642-003**

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

- a. Formal policies and procedures have not been developed to outline proper procedures to be followed over billings, approval of adjustments, partial payments or collection problems.
- b. Although closing reports are printed and filed at the end of each billing cycle, Customer Transaction Summary Reports are not run. The Customer Transaction Summary reports summarize each customers usage, the amount billed, the amount paid, penalties charged, and the balance of each customer account at the end of each billing cycle.

**VILLAGE OF CENTERBURG  
KNOX COUNTY**

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

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 1999- 30642-003 (Continued)**

- c. The system is not producing accurate monthly open accounts receivable report. An open accounts receivable report reconciles the beginning balance plus billings less collections and any adjustments to equal the ending customer accounts balances receivable.
- d. Village Council does not receive reports that summarize water and sewer billings and collections for each billing cycle.
- e. One account tested was not billed properly in accordance with the Village's water/sewer rate ordinance. It appears that the approved rate structure has not been properly input into the computer billing software. The Village has lost operating receipts due to this error.

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

To strengthen existing operations, we recommend:

- a. Formal policies and procedures over critical fiscal operations and customer services should be developed . The policies should define level of authority for approval of adjustments, documentation for adjustments, authorization of partial payments, and collection of delinquent payments.
- b. Customer Transaction Summaries that include, amounts billed, amounts paid, under/over payments, penalties, and final pays should be run each billing cycle. The Village Administrator should review these reports and work with the Water and Sewer Clerk to resolve any unusual items. Once the system can relied upon for accuracy and completeness, hard copy of the reports would not have to be run.
- c. An open accounts receivable monthly reconciliation is produced by the computer, however, the report does not accurately reflect actual billings or collections. In addition, it does not appear that account adjustments are being captured within the report. The Village should consult with the software vendor to identify the reasons for the errors in program or seek utility software that assures integrity within the application software.
- d. The computer system's standing data rate structure should be reviewed with the computer vendor to ensure the rates charged are in strict compliance with the Village's rate ordinances.



**STATE OF OHIO**  
**OFFICE OF THE AUDITOR**

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**VILLAGE OF CENTERBURG**

**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**  
**AUGUST 22, 2000**