



OHIO AUDITOR OF STATE
KEITH FABER



**VILLAGE OF CENTERBURG
KNOX COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis)	
All Governmental Fund Types	
For the Year Ended December 31, 2023.....	5
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis)	
All Proprietary Fund Types	
For the Year Ended December 31, 2023.....	6
Notes to the Financial Statements	
For the Year Ended December 31, 2023.....	7
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis)	
All Governmental Fund Types	
For the Year Ended December 31, 2022.....	15
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis)	
All Proprietary Fund Types	
For the Year Ended December 31, 2022.....	16
Notes to the Financial Statements	
For the Year Ended December 31, 2022.....	17
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	27
Schedule of Findings.....	29

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INDEPENDENT AUDITOR'S REPORT

Village of Centerburg
Knox County
49 ½ E Main St
Centerburg, Ohio 43011

To the Village Council:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Village of Centerburg, Knox County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

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* section of our report, the accompanying financial statements 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, 2023 and 2022, or the changes in financial position or, where applicable, cash flows thereof for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 of the financial statements, the financial statements are prepared by the Village on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Village of Centerburg
Knox County
Independent Auditor's Report
Page 3

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2025, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's 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.

KEITH FABER
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

July 31, 2025

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Village of Centerburg, Ohio
Knox County
*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)*
All Governmental Fund Types
For the Year Ended December 31, 2023

	General	Special Revenue	Capital Projects	Combined Total
Cash Receipts				
Property and Other Local Taxes	\$ 97,719	\$ 83,626	\$ -	\$ 181,345
Municipal Income Tax	655,459	-	-	655,459
Intergovernmental	45,146	118,832	121,464	285,442
Fines, Licenses and Permits	17,615	400	-	18,015
Earnings on Investments	86,365	12,553	-	98,918
Miscellaneous	<u>7,874</u>	<u>-</u>	<u>-</u>	<u>7,874</u>
<i>Total Cash Receipts</i>	<u>910,178</u>	<u>215,411</u>	<u>121,464</u>	<u>1,247,053</u>
Cash Disbursements				
Current:				
Security of Persons and Property	43,398	88,047	-	131,445
Public Health Services	984	-	-	984
Leisure Time Activities	-	400	-	400
Community Environment	30,478	-	-	30,478
Transportation	200,133	69,399	-	269,532
General Government	288,209	13,189	-	301,398
Capital Outlay	38,329	-	179,867	218,196
Debt Service:				
Principle Retirement	<u>-</u>	<u>-</u>	<u>46,075</u>	<u>46,075</u>
<i>Total Cash Disbursements</i>	<u>601,531</u>	<u>171,035</u>	<u>225,942</u>	<u>998,508</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>308,647</u>	<u>44,376</u>	<u>(104,478)</u>	<u>248,545</u>
Other Financing Receipts (Disbursements)				
Loans Issued	-	-	45,356	45,356
Transfers In	-	65,628	59,077	124,705
Transfers Out	(138,226)	-	-	(138,226)
Other Financing Sources	<u>335</u>	<u>-</u>	<u>-</u>	<u>335</u>
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(137,891)</u>	<u>65,628</u>	<u>104,433</u>	<u>32,170</u>
<i>Net Change in Fund Cash Balances</i>	<u>170,756</u>	<u>110,004</u>	<u>(45)</u>	<u>280,715</u>
<i>Fund Cash Balances, January 1</i>	<u>1,847,293</u>	<u>539,232</u>	<u>1,871</u>	<u>2,388,396</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$ 2,018,049</u></u>	<u><u>\$ 649,236</u></u>	<u><u>\$ 1,826</u></u>	<u><u>\$ 2,669,111</u></u>

See accompanying notes to the financial statements.

Village of Centerburg, Ohio
Knox County
*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)*
All Proprietary Fund Types
For the Year Ended December 31, 2023

	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	<u>\$ 854,609</u>
<i>Total Operating Cash Receipts</i>	<u>854,609</u>
Operating Cash Disbursements	
Personal Services	146,120
Fringe Benefits	70,361
Contractual Services	120,694
Supplies and Materials	36,746
Other	<u>1,220</u>
<i>Total Operating Cash Disbursements</i>	<u>375,141</u>
<i>Operating Income (Loss)</i>	<u>479,468</u>
Non-Operating Receipts (Disbursements)	
Special Assessments	40,396
Miscellaneous Receipts	4,090
Capital Outlay	(57,465)
Principal Retirement	<u>(461,722)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(474,701)</u>
<i>Income (Loss) before Transfers</i>	4,767
Transfers In	<u>13,521</u>
<i>Net Change in Fund Cash Balances</i>	18,288
<i>Fund Cash Balances, January 1</i>	<u>1,136,160</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,154,448</u>

See accompanying notes to the financial statements.

Village of Centerburg, Ohio
Knox County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 1 – Reporting Entity

The Village of Centerburg (the Village), Knox County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides sewer utilities, and contracts with the Knox County Sheriff's Department to provide security of persons and property.

Jointly Governed Organization and Public Entity Risk Pool

The Village participates in the Ohio Plan Risk Management, Inc., a public entity risk pool, and the Central Ohio Joint Fire District, a jointly governed organization. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types which are all organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

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 The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Other Special Revenue – Policy Levy This fund receives money from a 4.2 mill property tax levy and is used exclusively for police protection.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project fund:

Village of Centerburg, Ohio
Knox County
Notes to the Financial Statements
For the Year Ended December 31, 2023

South Hartford Avenue Repaving Phase II Fund The South Hartford Avenue Repaving Phase II fund accounts for and reports proceeds of OPWC grants and public share funds. The proceeds are restricted for the improvement to South Hartford Avenue.

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 The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). 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 Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

Budgetary Process

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

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 Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year-end.

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 approve estimated resources.

Encumbrances The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over and need not be reappropriated.

A summary of 2023 budgetary activity appears in Note 3.

Deposits

The Village maintains a Money Market Savings Account in addition to its Checking Account as of December 31, 2023, and records interest earned as it is received.

Village of Centerburg, Ohio
Knox County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Capital Assets

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

Accumulated Leave

Village employees earn sick and vacation time that can be used for time off. In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include liability for unpaid leave.

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:

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. The Village has no non-spendable assets. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

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.

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.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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

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

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

Village of Centerburg, Ohio
Knox County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2023 follow:

Fund Type	2023 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$733,069	\$910,513	\$177,444
Special Revenue	200,491	281,039	80,548
Capital Projects	225,897	225,897	0
Enterprise	821,469	912,616	91,147
Total	<u>\$1,980,926</u>	<u>\$2,330,065</u>	<u>\$349,139</u>

Fund Type	2023 Budgeted vs. Actual Budgetary Basis Expenditures		
	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,140,316	\$750,356	\$389,960
Special Revenue	491,000	171,639	319,361
Capital Projects	225,942	225,942	0
Enterprise	1,090,200	900,714	189,486
Total	<u>\$2,947,458</u>	<u>\$2,048,651</u>	<u>\$898,807</u>

Note 4 – Deposits

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

	2023
Demand deposits	\$494,890
ICS MMA Account	3,328,669
Total Deposits and Investments	<u>\$3,823,559</u>

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized by Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Note 5 – Taxes

Property Taxes

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State

Village of Centerburg, Ohio
Knox County
Notes to the Financial Statements
For the Year Ended December 31, 2023

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. Statute permits alternate dates to be established. The full tax rate of all village operations for the year ended December 31, 2023 was \$9.40 per \$1,000 per assessed value.

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

Income Taxes

The Village levies a municipal income tax of 1 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 Regional Income Tax Agency either monthly or quarterly, as required. The Village self-withholds. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually. Beginning in 2016 the credit given for taxes paid by another municipality was reduced from .50 to 0. (zero) Taxes are administered on behalf of the Village by the Regional Income Tax Agency (RITA).

Note 6 – Risk Management

The Village belongs to the Ohio Plan Risk Management, Inc., (OPRM) 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).

Pursuant to section 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 independent agents in the State of Ohio.

Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and has remain unchanged. OPRM had 801 members as of December 31, 2023.

The Pool's audited financial statements conform with accounting principles generally accepted in the United States of America, with the exception of a qualified opinion related to recording premiums and membership fees earned in full as of December 31, 2023. Those premiums and fees should be earned pro-rata over the individual coverage and membership periods of each policy. The financial statements reported the following assets, liabilities and equity at December 31, 2023.

Assets	\$ 23,113,696
Liabilities	(16,078,587)
Members' Equity	<u>\$ 7,035,109</u>

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

Village of Centerburg, Ohio
Knox County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some Village 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2023.

Social Security

A total of 5 members of council and committees contribute to Social Security. These elected officials or appointed committee members contribute 6.2% of their salary.

The Village contributed an amount equal to 6.2 % of participants' gross salaries. The Village has paid all contributions required through December 31, 2023.

Note 8 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents.

For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves.

Note 9 – Debt

Debt outstanding at December 31, 2023, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Public Works Commission CQ31F	\$497	0%
Ohio Water Development Authority 6626	\$5,528,726	0%
Total	\$5,529,223	

Village of Centerburg, Ohio
Knox County
Notes to the Financial Statements
For the Year Ended December 31, 2023

The OPWC Loan # CQ31F for the Willis Street Sanitary Project relates to a sewer line replacement project. OPWC approved \$19,888 for the project. The interest-free loan will be repaid in semi-annual installments of \$497 over 20 years. The loan is secured by sewer receipts. The Village has agreed to set utility rates sufficient to OPWC debt service requirements.

The OWDA Loan # 6626 for the Sewer System Expansion Project mandated by the Ohio Environmental Protection Agency relates to the construction of a new wastewater treatment plant, or Water Reclamation Facility. OWDA approved \$9,403,155 for this project. The interest-free loan will be repaid in semi-annual installments of \$230,363.74 over 20 years. The loan is secured by sewer receipts. The Village has agreed to set utility rates sufficient to OWDA debt service requirements.

Amortization

Amortization of the above debt is scheduled as follows:

Year Ending December 31:	OWDA Loan	OPWC
2024	\$460,727	\$497
2025	460,727	0
2026	460,727	0
2027	460,727	0
2028	460,727	0
2029-2033	2,303,636	0
2034-2038	921,455	0
Total	<u>\$5,528,726</u>	<u>\$497</u>

Note 10 – Jointly Governed Organizations

The Central Ohio Joint Fire District (COJFD) is a jointly-governed organization pursuant to the Ohio Revised Code 305.371. The COJFD was formed in 2000 and consisted of Hilliar, Liberty, and Milford Townships and the Village of Centerburg until December 31, 2016. Voters of Liberty Township voted to withdraw from the COJFD effective 12-31-16. Revenues are generated from a 5.5 mill operating levy, and a .5 mill capital expenditures levy passed in 2016. The 5.5 mills replacement operating levy was passed on May 2, 2020. An additional 2.295 mills levy for Fire and EMS was passed May 8, 2018. A replacement and increase of the 2.295 mill levy passed on November 3, 2020, increasing the levy to 5.925 mills.

Note 11 – Fund Balances

Included in fund balance are amounts the Village cannot spend. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Village of Centerburg, Ohio
Knox County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Fund Balances	General	Special Revenue	Enterprise Fund	Total
Outstanding Encumbrances	\$10,599	\$604	\$6,386	\$17,589
<i>Total</i>	<i>\$10,599</i>	<i>\$604</i>	<i>\$6,386</i>	<i>\$17,589</i>

The fund balance of special revenue funds is either restricted or committed. These restricted and committed, amounts in the special revenue funds would include the outstanding encumbrances.

Note 12 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency ended in April 2023. At the end of 2023, the Village still maintained a balance with COVID-19 funds. The Village will continue to spend available COVID-19 funding consistent with the applicable program guidelines. The Village has until December 31, 2026 to spend the ARPA-NEU monies and until December 31, 2024 to obligate the monies.

Village of Centerburg, Ohio
Knox County
*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)*
All Governmental Fund Types
For the Year Ended December 31, 2022

	General	Special Revenue	Capital Projects	Combined Total
Cash Receipts				
Property and Other Local Taxes	\$ 100,996	\$ 86,994	\$ -	\$ 187,990
Municipal Income Tax	618,881	-	-	618,881
Intergovernmental	46,167	231,495	9,836	287,498
Fines, Licenses and Permits	13,951	-	-	13,951
Earnings on Investments	21,946	3,048	-	24,994
Miscellaneous	<u>2,829</u>	<u>318</u>	<u>-</u>	<u>3,147</u>
<i>Total Cash Receipts</i>	<u>804,770</u>	<u>321,855</u>	<u>9,836</u>	<u>1,136,461</u>
Cash Disbursements				
Current:				
Security of Persons and Property	15,757	86,799	-	102,556
Public Health Services	994	-	-	994
Community Environment	11,827	-	-	11,827
Transportation	90,873	67,599	-	158,472
General Government	312,040	6,028	-	318,068
Capital Outlay	143,477	-	18,483	161,960
Debt Service:				
Principal Retirement	<u>-</u>	<u>-</u>	<u>7,644</u>	<u>7,644</u>
<i>Total Cash Disbursements</i>	<u>574,968</u>	<u>160,426</u>	<u>26,127</u>	<u>761,521</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>229,802</u>	<u>161,429</u>	<u>(16,291)</u>	<u>374,940</u>
Other Financing Receipts (Disbursements)				
Loans Issued	<u>-</u>	<u>-</u>	<u>7,644</u>	<u>7,644</u>
Sale of Capital Assets	<u>-</u>	<u>17,900</u>	<u>-</u>	<u>17,900</u>
Transfers In	<u>-</u>	<u>714</u>	<u>9,597</u>	<u>10,311</u>
Transfers Out	<u>(17,211)</u>	<u>-</u>	<u>-</u>	<u>(17,211)</u>
Other Financing Sources	<u>23,200</u>	<u>-</u>	<u>-</u>	<u>23,200</u>
<i>Total Other Financing Receipts (Disbursements)</i>	<u>5,989</u>	<u>18,614</u>	<u>17,241</u>	<u>41,844</u>
<i>Net Change in Fund Cash Balances</i>	<u>235,791</u>	<u>180,043</u>	<u>950</u>	<u>416,784</u>
<i>Fund Cash Balances, January 1</i>	<u>1,611,502</u>	<u>359,189</u>	<u>921</u>	<u>1,971,612</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,847,293</u>	<u>\$ 539,232</u>	<u>\$ 1,871</u>	<u>\$ 2,388,396</u>

See accompanying notes to the financial statements.

Village of Centerburg, Ohio
Knox County
*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)*
All Proprietary Fund Types
For the Year Ended December 31, 2022

	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	\$ 808,173
<i>Total Operating Cash Receipts</i>	<u>808,173</u>
 Operating Cash Disbursements	
Personal Services	126,137
Fringe Benefits	63,559
Contractual Services	113,339
Supplies and Materials	41,567
Other	89
<i>Total Operating Cash Disbursements</i>	<u>344,691</u>
<i>Operating Income (Loss)</i>	<u>463,482</u>
 Non-Operating Receipts (Disbursements)	
Special Assessments	36,132
Miscellaneous Receipts	4,400
Capital Outlay	(12,910)
Principal Retirement	(465,089)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(437,467)</u>
<i>Income (Loss) before Transfers</i>	26,015
Transfers In	447,316
Transfers Out	(440,416)
<i>Net Change in Fund Cash Balances</i>	32,915
<i>Fund Cash Balances, January 1</i>	<u>1,103,245</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,136,160</u>

See accompanying notes to the financial statements.

Village of Centerburg, Ohio
Knox County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Reporting Entity

The Village of Centerburg (the Village), Knox County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides sewer utilities, and contracts with the Knox County Sheriff's Department to provide security of persons and property.

Jointly Governed Organization and Public Entity Risk Pool

The Village participates in the Ohio Plan Risk Management, Inc., a public entity risk pool, and the Central Ohio Joint Fire District, a jointly governed organization. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types which are all organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

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 The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Other Special Revenue – Police Levy This fund receives money from a 4.2 mill property tax levy and is used exclusively for police protection.

ARPA-NEU Federal Grant This fund received money from the Federal Government as part of the American Rescue Plan Act. The money is restricted for only the specified uses in the Coronavirus State & Local Fiscal Recovery Funds under the American Rescue Plan.

Village of Centerburg, Ohio
Knox County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project fund:

South Hartford Avenue Repaving Phase II Fund The South Hartford Avenue Repaving Phase II fund accounts for and reports proceeds of OPWC grants and public share funds. The proceeds are restricted for the improvement to South Hartford Avenue.

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

Water Fund The Village received approval from the Department of Taxation & transferred \$440,416.19 from the water fund to the sewer fund in April 2022. The water fund was closed in 2022.

Sewer Fund The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). 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 Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

Budgetary Process

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

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 Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year-end.

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 approve estimated resources.

Encumbrances The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over and need not be reappropriated.

A summary of 2022 budgetary activity appears in Note 3.

Village of Centerburg, Ohio
Knox County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Deposits

The Village maintains a Money Market Savings Account in addition to its Checking Account as of December 31, 2022, and records interest earned as it is received.

Capital Assets

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

Accumulated Leave

Village employees can earn sick and vacation time that can be used for time off. In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include liability for unpaid leave.

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:

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. The Village has no non-spendable assets. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

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.

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.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

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 Centerburg, Ohio
Knox County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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.

For regulatory purposes, limited disclosure related to fund balance is included in Note 12.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2022 follow:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$684,999	\$827,970	\$142,971
Special Revenue	315,760	340,469	24,709
Capital Projects	26,127	27,077	950
Enterprise	828,090	1,296,021	467,931
Total	<u>\$1,854,976</u>	<u>\$2,491,537</u>	<u>\$636,561</u>

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$815,994	\$598,353	\$217,641
Special Revenue	465,836	164,383	301,453
Capital Projects	26,127	26,127	0
Enterprise	1,396,680	1,291,687	104,993
Total	<u>\$2,704,637</u>	<u>\$2,080,550</u>	<u>\$624,087</u>

Note 4 – Deposits

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

	2022
Demand deposits	\$339,961
ICS MMA Account	3,184,595
Total Deposits	<u>\$3,524,556</u>

Village of Centerburg, Ohio
Knox County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Note 5 – Taxes

Property Taxes

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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. Statute permits alternate dates to be established. The full tax rate of all village operations for the year ended December 31, 2022 was \$9.40 per \$1,000 per assessed value.

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

Income Taxes

The Village levies a municipal income tax of 1 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 Regional Income Tax Agency either monthly or quarterly, as required. The Village self-withholds. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually. Beginning in 2016 the credit given for taxes paid by another municipality was reduced from .50 to 0. (zero). Taxes are administered on behalf of the Village by the Regional Income Tax Agency (RITA).

Note 6 – Risk Management

The Village belongs to the Ohio Plan Risk Management, Inc., (OPRM) 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).

Pursuant to section 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 independent agents in the State of Ohio.

Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and has remained unchanged. OPRM had 773 members as of December 31, 2022.

Village of Centerburg, Ohio
Knox County
Notes to the Financial Statements
For the Year Ended December 31, 2022

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2022.

Assets	\$ 21,662,291
Liabilities	<u>(18,158,351)</u>
Members' Equity	<u>\$ 3,503,940</u>

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

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some Village 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 health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

Social Security

A total of 5 members of council and committees contribute to Social Security. These elected officials or appointed committee members contribute 6.2% of their salary. The Village contributed an amount equal to 6.2 % of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

Note 8 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit post-employment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

Village of Centerburg, Ohio
Knox County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 9 – Debt

Debt outstanding at December 31, 2022, was as follows:

	Principal	Interest Rate
Ohio Public Works Commission CQ31F	\$1,492	0%
Ohio Water Development Authority 6626	<u>\$5,989,454</u>	0%
Total	<u>\$5,990,946</u>	

The OPWC Loan # CQ26C for the Rich Hill, Oak, Knox & Miller Street Sewer Line Replacement Project relates to a sewer line replacement project. OPWC approved \$134,659 for the project. The loan will be repaid in semi-annual installments of \$3,367 over 20 years. The interest-free loan is secured by sewer receipts. The Village has agreed to set utility rates sufficient to OPWC debt service requirements. This loan was paid in full during 2022.

The OPWC Loan # CQ31F for the Willis Street Sanitary Project relates to a sewer line replacement project. OPWC approved \$19,888 for the project. The interest-free loan will be repaid in semi-annual installments of \$497 over 20 years. The loan is secured by sewer receipts. The Village has agreed to set utility rates sufficient to OPWC debt service requirements.

The OWDA Loan # 6626 for the Sewer System Expansion Project mandated by the Ohio Environmental Protection Agency relates to the construction of a new wastewater treatment plant, or Water Reclamation Facility. OWDA approved \$9,403,155 for this project. The interest-free loan will be repaid in semi-annual installments of \$230,363.74 over 20 years. The loan is secured by sewer receipts. The Village has agreed to set utility rates sufficient to OWDA debt service requirements.

The OPWC Loan # CQ05X for the South Hartford Avenue Improvement Project relates to Phase I of a three-phase improvement project to South Hartford Avenue Improvements. OPWC approved \$7,644.36 for the project. The interest-free loan was paid in full in July 2022.

Amortization

Amortization of the above debt is scheduled as follows:

Year Ending December 31:	OWDA Loan	OPWC
2023	\$460,727	\$994
2024	460,727	498
2025	460,727	0
2026	460,727	0
2027	460,727	0
2028-2032	2,303,636	0
2033-2035	<u>1,382,183</u>	0
Total	<u>\$5,989,454</u>	<u>\$1,492</u>

Village of Centerburg, Ohio
Knox County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 10 – Construction and Contractual Commitments

The Village has completed the South Hartford Avenue Improvement Phase II Project. The final invoices have not been received. The Village has taken a 20-year interest-free loan estimated at \$46,075 through OPWC. The loan should be finalized in 2023.

Note 11 – Jointly Governed Organizations

The Central Ohio Joint Fire District (COJFD) is a jointly-governed organization pursuant to the Ohio Revised Code 305.371. The COJFD was formed in 2000 and consisted of Hilliar, Liberty, and Milford Townships and the Village of Centerburg until December 31, 2016. Voters of Liberty Township voted to withdraw from the COJFD effective 12-31-16. Revenues are generated from a 5.5 mill operating levy, and a .5 mill capital expenditures levy passed in 2016. The 5.5 mills replacement operating levy was passed on May 2, 2020. An additional 2.295 mills levy for Fire and EMS was passed May 8, 2018. A replacement and increase of the 2.295 mill levy passed on November 3, 2020, increasing the levy to 5.925 mills.

Note 12 – Fund Balances

Included in fund balance are amounts the Village cannot spend. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	Special			Enterprise Total
	General	Revenue	Fund	
Outstanding Encumbrances	\$6,174	\$3,957	\$28,581	\$38,712
<i>Total</i>	<i>\$6,174</i>	<i>\$3,957</i>	<i>\$28,581</i>	<i>\$38,712</i>

The fund balance of special revenue funds is either restricted or committed. These restricted and committed amounts in the special revenue funds would include the outstanding encumbrances.

Note 13 – Subsequent Events

The Village Strategic Plan in conjunction with the Area Development Foundation is still working on the audit and revising of the Village Zoning Regulations which should be completed in early 2023.

The South Hartford Avenue Phase II project was completed in 2022 with the final payment to be issued in 2023.

Note 14 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2022, the Village received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the

Village of Centerburg, Ohio
Knox County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Village's future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

In 2022, the Village received COVID-19 funding in the amount of \$117,053.38. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

The Village's Administrative Committee has discussed the possible use of the funds to benefit the entire Village. The Village has disbursed \$5,181.03 to Poggemeyer Design Group & Xylem Water Solutions U.S.A., Inc. for a sludge handling study to improve the Village's sewer system. After the study, the recommendations from Poggemeyer Design Group exceeded the funds available to the Village to purchase the equipment suggested.

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OHIO AUDITOR OF STATE KEITH FABER



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

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

Village of Centerburg
Knox County
49 ½ E Main St
Centerburg, Ohio 43011

To the Village Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements of the Village of Centerburg, Knox County, Ohio (the Village), and have issued our report thereon dated July 31, 2025, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2023-001 that we consider to be a material weakness.

Village of Centerburg
Knox County
Independent Auditor's Report on Internal Control Over
Financial Reporting and On Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KEITH FABER
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

July 31, 2025

**VILLAGE OF CENTERBURG
KNOX COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2023 AND 2022**

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

FINDING NUMBER 2023-001

Financial Statement Presentation – Material Weakness

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Due to a lack of controls over receipts and disbursements, the Village had the following reclassifications:

For the year ended December 31, 2022:

1. Other Financing Sources in the amount of \$6,000 was misclassified as an Extraordinary Item within the General Fund.
2. Sale of Assets in the amount of \$17,900 was misclassified as Miscellaneous Receipts within the Special Revenue Funds.
3. Principal Retirement disbursements in the amount of \$7,644 was misclassified as Capital Outlay disbursements within the Capital Projects Funds.
4. Intergovernmental receipts in the amount of \$9,836 was misclassified as Loans Issued within the Capital Projects Funds.
5. Special Assessment receipts in the amount of \$36,132 was misclassified as Charges for Services receipts in the Enterprise Funds.

For the year ended December 31, 2023:

1. Transfers Out disbursements in the amount of \$64,156 was misclassified as reductions in Income Tax and Property Tax receipts in the amounts of \$53,116 and \$11,040, respectively, within the General Fund.
2. Transfers In receipts in the amount of \$64,156 was misclassified as Income Tax receipts within the Special Revenue Funds.
3. Principal Retirement disbursements in the amount of \$46,075 was misclassified as Capital Outlay disbursements within the Capital Projects Funds.
4. Intergovernmental receipts in the amount of \$121,464 was misclassified as Loans Issued within the Capital Projects Funds.
5. Special Assessment receipts in the amount of \$40,396 was misclassified as Charges for Services receipts in the Enterprise Funds.

Furthermore, for the year ended December 31, 2023, the footnote disclosure filed by the Village included the footnote disclosure originally filed for the year ended December 31, 2022. The footnote disclosures were updated to present information relevant to December 31, 2023.

The Village has recorded these reclassifications to the financial statements. By not ensuring proper financial statements and notes to the financial statement's presentation, the Village cannot report accurate financial activity to its constituents.

The Village should implement additional procedures to provide assurance over the completeness and accuracy of information recorded in their accounting records and reported within the financial statements and the notes to the financial statements. Such procedures may include additional reviews of the financial statements including the notes to the financial statements by a member of management and an analytical comparison of the current year annual report to the prior year annual report for obvious errors or omissions.

Officials' Response: We did not receive a response from Officials to this finding.

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OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF CENTERBURG

KNOX COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 9/16/2025

65 East State Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov