



Dave Yost • Auditor of State

VILLAGE OF CENTERBURG
KNOX COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Village of Centerburg
Knox County
49 ½ East Main Street
Centerburg, Ohio 43011

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Centerburg, Knox County, Ohio (the Village), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the business-type activities,, each major fund, and the aggregate remaining fund information of the Village of Centerburg, Knox County, Ohio, as of December 31, 2013, and the respective changes in cash financial position and the respective budgetary comparisons for the General and Police Funds thereof for the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Matters

Supplemental and Other Information

We applied no procedures to the Management's Discussion & Analysis presented on pages 3-10 of the report, and accordingly, we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2015, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

April 30, 2015

**VILLAGE OF CENTERBURG
KNOX COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
UNAUDITED**

This discussion and analysis of the Village of Centerburg's financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2013, within the limitations of the Village's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

Highlights

Key highlights for 2013 are as follows:

The overall net position of the Village increased by only \$8,669, primarily due to increased expenses in the Sewer Fund as outlined below.

Net position of governmental activities increased \$42,688 or 9.8 percent from the prior year. The Village has three major governmental funds: General, Police Levy, and Hartford Avenue Capital Projects. The General Fund increased by \$ 17,062, primarily due to increased tax revenues. The Police Levy Fund balance increased by \$ 5,435, due in part to delaying the purchase of a new cruiser and other cost saving measures. The Hartford Avenue Capital Projects Fund became a major fund due to the Hartford Avenue Waterline Project that included \$123,717 in grant and loan receipts and \$116,585 in payments for the construction of the waterline. This was classified as a capital project per the Ohio Public Works Commission reference to AOS Bulletin 2002-04, "*All local governments participating in Issue II Funds (single or multi-project grant) must, for each project awarded, establish a Capital Projects Fund to account for both the Issue II monies and local matching funds. It is not necessary to obtain authorization from the AOS to establish the funds because the authority exists under Section 5709.09 of the Ohio Revised Code. The purpose of the fund is to account for the related revenues and expenditures to the extent the local government has received benefit from the project. The appropriate funds numbers are: ...Village UAN 4901-4499.*"

The Village received \$5,500 in FEMA funds as a reimbursement for debris removal related to a June 2012 wind storm.

The Village has two major Enterprise Funds: Water and Sewer. The Water Fund balance decreased by \$ 2,498, due to personnel hiring and retirement. The Sewer Fund balance decreased by \$ 34,611, despite a sewer rate increase effective with the July billing. The decrease was primarily due to the payout of \$76,254 for easements that are needed for the construction of the new WRF (Water Reclamation Facility). The Village accepted bids for the construction of the WRF and received approval for an OWDA Loan in December 2013 in the amount of \$8,161,490.22 loan that was not formally approved by OWDA until January of 2014.

The loan for the Lock Road property purchased for the construction of the WRF was paid off in 2013.

The Village's general receipts are primarily municipal income tax and property tax. These receipts represent respectively 46 and 21 percent of the total cash received for governmental activities during the year.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Village's cash basis of accounting.

**VILLAGE OF CENTERBURG
KNOX COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
UNAUDITED**

Report Components

The statement of net position and the statement of activities provide information about the cash activities of the Government as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Village as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Village has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Village's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Government as a Whole

The statement of net position and the statement of activities reflect how the Village did financially during 2013, within the limitations of the cash basis accounting. The statement of net position presents the cash balances and investments of the governmental and business-type activities of the Village at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Village's general receipts.

These statements report the Village's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Village's financial health. Over time, increases or decreases in the Village's cash position is one indicator of whether the Village's financial health is improving or deteriorating. When evaluating the Village's financial condition, you should also consider other non-financial factors as well such as the Village's property tax base, the condition of the Village's capital assets and infrastructure, the extent of the Village's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

**VILLAGE OF CENTERBURG
KNOX COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
UNAUDITED**

In the statement of net position and the statement of activities, we divide the government into two types of activities:

Governmental activities: Most of the Village's basic services are reported here, including street maintenance and police. State and federal grants and income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Business-type activity: The Village has two business-type activities, the provision of water and sewer. Business-type activities are financed by a fee charged to the customers receiving the service.

Reporting the Village's Most Significant Funds

Fund financial statements provide detailed information about the Village's major funds – not the Village as a whole. The Village establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Village are split into two categories: governmental and proprietary.

Governmental Funds - Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Village's major governmental funds are the General Fund, Police Levy Fund, and Hartford Avenue Capital Projects Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

Proprietary Funds – When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Village has two major enterprise funds, the Water Fund and Sewer Fund. These major funds are presented on the financial statements in separate columns. The non-major funds (funds whose activity are not large enough to warrant separate reporting) are presented in a single column.

The Government as a Whole

Table 1 provides a summary of the Village's net position for 2013 compared to 2012 on a cash basis:

**VILLAGE OF CENTERBURG
KNOX COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
UNAUDITED**

(Table 1)

Net Position

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Assets						
Cash and Cash Equivalents	\$ 478,998	\$ 436,310	\$ 770,871	\$ 804,890	\$ 1,249,869	\$ 1,241,200
Total Assets	<u>\$ 478,998</u>	<u>\$ 436,310</u>	<u>\$ 770,871</u>	<u>\$ 804,890</u>	<u>\$ 1,249,869</u>	<u>\$ 1,241,200</u>
Net Position						
Restricted for:						
Capital Outlay	\$ 7,184	\$ 52	\$ -	\$ -	\$ 7,184	\$ 52
Other Purposes	65,568	47,075	-	-	65,568	47,075
Unrestricted	<u>406,246</u>	<u>389,183</u>	<u>770,871</u>	<u>804,890</u>	<u>1,177,117</u>	<u>1,194,073</u>
Total Net Position	<u>\$ 478,998</u>	<u>\$ 436,310</u>	<u>\$ 770,871</u>	<u>\$ 804,890</u>	<u>\$ 1,249,869</u>	<u>\$ 1,241,200</u>

As mentioned previously, net position of governmental activities increased \$42,688 or 9.8 percent during 2013. The primary reason contributing to the increase in cash balances was increased tax revenue.

Table 2 reflects changes in net position on a cash basis in 2013 and 2012 for governmental activities, business-type activities, and the Village as a whole.

**VILLAGE OF CENTERBURG
KNOX COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
UNAUDITED**

	Activities		Activities		Total	
	2013	2012	2013	2012	2013	2012
Receipts:						
Program Receipts:						
Charges for Services and Sales	\$ 5,723	\$7,969	\$572,200	\$565,755	\$577,923	\$ 573,724
Operating Grants and Contributions	83,460	76,398	0	0	83,460	76,398
Capital Grants and Contributions	110,756	0	0	0	110,756	0
Total Program Receipts	199,939	84,367	572,200	565,755	772,139	650,122
General Receipts:						0
General Operating	80,084	82,251	0	0	80,084	82,251
Police Levy	77,982	80,174	0	0	77,982	80,174
Income Taxes	354,689	336,833	0	0	354,689	336,833
Grants and Entitlements Not Restricted						
to Specific Programs	28,080	29,868	778	0	28,858	29,868
Cable Franchise Fees	9,788	11,458	0	0	9,788	11,458
Interest	695	1,067	0	9	695	1,076
Miscellaneous	16,509	11,523	3,296	0	19,805	11,523
Other Debt Proceeds	0	0	49,976	181,737	49,976	181,737
Total General Receipts	567,827	553,174	54,050	181,746	621,877	734,920
Total Receipts	767,766	637,541	626,250	747,501	1,394,016	1,385,042
Disbursements:						
General Government	217,410	219,397	0	0	217,410	219,397
Security of Persons and Property:	214,817	218,346	0	0	214,817	218,346
Public Health Services	1,648	1,977	0	0	1,648	1,977
Community Environment	16,367	19,553	0	0	16,367	19,553
Transportation	144,453	142,406	0	0	144,453	142,406
Capital Outlay	116,585	0	0	0	116,585	0
Principal Retirement	12,457	12,019	0	0	12,457	12,019
Interest and Fiscal Charges	929	1,365	0	0	929	1,365
Water	0	0	207,351	191,402	207,351	191,402
Sewer	0	0	453,330	510,877	453,330	510,877
Total Disbursements	724,666	615,063	660,681	702,279	1,385,347	1,317,342
Excess (Deficiency) Before Transfers	43,100	22,478	(34,431)	45,222	8,669	67,700
Advances	0	(12,000)	0	12,000	0	0
Transfers	(412)	(647)	412	647	0	0
Increase (Decrease) in Net Position	42,688	9,831	(34,019)	57,869	8,669	67,700
Net Position, January 1, 2013	436,310	426,479	804,890	747,021	1,241,200	1,173,500
Net Position, December 31, 2013	\$478,998	\$436,310	\$770,871	\$804,890	\$1,249,869	\$1,241,200

Program receipts represent 26 percent of governmental receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money and the grant from the Ohio Public Works Commission.

Program receipts for business-type activities equal 91 percent of total business-type activity receipts and represent receipts collected for water and sewer services provided to Village residents.

**VILLAGE OF CENTERBURG
KNOX COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
UNAUDITED**

General receipts represent 74 percent of the total governmental activity. Of this amount, 90 percent are property and local taxes, and 5 percent are general receipts such as homestead and rollback and local government. The other 5 percent is comprised of miscellaneous receipts.

Disbursements for General Government represent the overhead costs of running the Village and the support services provided for the other Village activities. These include the costs of Council, the Solicitor, and RITA (Regional Income Tax Agency). Security of Persons and Property are the costs of police protection contracted through the Knox County Sheriff's Office. Community Environment includes the cost of zoning and the Shade Tree Commission. Transportation costs are those associated with maintaining the streets.

Governmental Activities

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the Village. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for General Government, Security of Persons and Property, and, Transportation which account for 30, 30, and 20 percent respectively. The next two columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Village that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

Governmental Activities

	Total Cost of Services 2013	Net Cost of Services 2013	Total Cost of Services 2012	Net Cost of Services 2012
General Government	\$ 217,410	\$ 214,530	\$ 219,397	\$ 216,266
Security of Persons and Property	\$ 214,817	\$ 205,281	218,346	208,799
Public Health Services	\$ 1,648	\$ 1,648	1,977	1,977
Community Environment	\$ 16,367	\$ 13,524	19,553	14,715
Transportation	\$ 144,453	\$ 70,529	142,406	75,555
Capital Outlay	\$ 116,585	\$ 5,829	0	0
Principal Retirement	\$ 12,457	\$ 12,457	12,019	12,019
Interest and Fiscal Charges	\$ 929	\$ 929	1,365	1,365
Total Expenses	\$ 724,666	\$ 524,727	\$ 615,063	\$ 530,696

The dependence upon property and income tax receipts is apparent as over 72 percent of governmental activities are supported through these general receipts.

Transportation costs increased slightly as the Village straightened and repaved Leonard Avenue.

Security of Persons and Property decreased for 2013 as the Village postponed purchase of a new cruiser and closely monitored expenses. Also, when compared to 2013, costs for 2012 were higher than usual due to a large repair bill for an existing police cruiser.

**VILLAGE OF CENTERBURG
KNOX COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2013
UNAUDITED**

Business-type Activities

The water and sewer operations of the Village represent 62 percent of the total Village funds. The Village received the remaining \$49,976 in loan proceeds from a Planning and Design Loan through OWDA. The loan on the Lock Road property was paid off.

The Village's Funds

Total governmental funds had receipts of \$767,766 and disbursements of \$724,666. The greatest change within governmental funds was the Hartford Avenue Capital Projects Fund, due to the Hartford Avenue Waterline Project.

General Fund Budgeting Highlights

The Village's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2013, the Government amended its General Fund budget to reflect changing circumstances. Final budgeted receipts were above original budgeted receipts due to municipal income tax receipts.

The Village kept a close watch on expenses throughout the year. The largest expenses from the General Fund were for personnel, transportation, and contract services through the Knox County Sheriff's Office.

Debt Administration

At December 31, 2013, the Village's outstanding debt included \$ 657,464 incurred through OWDA and OPWC loans for water and sewer infrastructure improvements, and a Planning and Development Loan for the WRF. Additional debt consists of two notes payable to First Knox National Bank. The first one is for improvements to the Village Town Hall, which has an outstanding balance of \$ 12,912 that will be paid off in 2014. The other was for the purchase of land for the new WRF, which was paid off in 2013. See Note 10 to the Financial Statements. The Village has also received approval for an OWDA Loan in December 2013 in the amount of \$8,161,490.22. The loan was formally approved by OWDA in January of 2014.

Current Issues

The challenge for all Villages is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base. With the successful formation of Centerburg Township, there was an increase in tax revenues in 2013. We are continuing to research every option for financing of the WRF. We continue to closely monitor the Village's receipts and disbursements from all funds.

Contacting the Village's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village's finances and to reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Teri James, Clerk-Treasurer, Village of Centerburg, 49 ½ E. Main Street, Centerburg, OH 43011 or via email to clerk@centeburgoh.org.

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**VILLAGE OF CENTERBURG
KNOX COUNTY**

**STATEMENT OF NET POSITION - CASH BASIS
DECEMBER 31, 2013**

	Governmental Activities	Business - Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 478,998	\$ 770,871	\$ 1,249,869
<i>Total Assets</i>	<u>\$ 478,998</u>	<u>\$ 770,871</u>	<u>\$ 1,249,869</u>
Net Position			
Restricted for:			
Capital Projects	\$ 7,184	\$ -	\$ 7,184
Other Purposes	65,568	-	65,568
Unrestricted	<u>406,246</u>	<u>770,871</u>	<u>1,177,117</u>
<i>Total Net Position</i>	<u>\$ 478,998</u>	<u>\$ 770,871</u>	<u>\$ 1,249,869</u>

See accompanying notes to the basic financial statements

VILLAGE OF CENTERBURG
KNOX COUNTY

STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2013

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Position		
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Current:							
Security of Persons and Property	\$ 214,817	\$ -	\$ 9,536	\$ -	\$ (205,281)	\$ -	\$ (205,281)
Public Health Services	1,648	-	-	-	(1,648)	-	(1,648)
Community Environment	16,367	2,843	-	-	(13,524)	-	(13,524)
Transportation	144,453	-	73,924	-	(70,529)	-	(70,529)
General Government	217,410	2,880	-	-	(214,530)	-	(214,530)
Capital Outlay	116,585	-	-	110,756	(5,829)	-	(5,829)
Debt Service:							
Principal Retirement	12,457	-	-	-	(12,457)	-	(12,457)
Interest and Fiscal Charges	929	-	-	-	(929)	-	(929)
Total Governmental Activities	724,666	5,723	83,460	110,756	(524,727)	-	(524,727)
Business-Type Activities							
Water Operating	207,351	204,978	-	-	-	(2,373)	(2,373)
Sewer Operating	453,330	367,222	-	-	-	(86,108)	(86,108)
Total Business-Type Activities	660,681	572,200	-	-	-	(88,481)	(88,481)
Total Primary Government	\$ 1,385,347	\$ 577,923	\$ 83,460	\$ 110,756	(524,727)	(88,481)	(613,208)
General Receipts:							
Property Taxes Levied for:							
General Purposes					80,084	-	80,084
Police Services					77,982	-	77,982
Income Taxes					354,689	-	354,689
Grants and Entitlements not Restricted to Specific Programs					28,080	778	28,858
Other Debt Proceeds					-	49,976	49,976
Cable Franchise Fees					9,788	-	9,788
Earnings on Investments					695	-	695
Miscellaneous					16,509	3,296	19,805
Transfers					(412)	412	-
Total General Receipts, Transfers and Advances					567,415	54,462	621,877
Change in Net Position					42,688	(34,019)	8,669
Net Position Beginning of Year					436,310	804,890	1,241,200
Net Position End of Year					\$ 478,998	\$ 770,871	\$ 1,249,869

See accompanying notes to the basic financial statements

VILLAGE OF CENTERBURG
KNOX COUNTY

STATEMENT OF ASSETS AND FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
DECEMBER 31, 2013

	General	Police Levy Fund	Hartford Ave. Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 408,659	\$ 23,301	\$ 7,184	\$ 39,854	\$ 478,998
<i>Total Assets</i>	<u>\$ 408,659</u>	<u>\$ 23,301</u>	<u>\$ 7,184</u>	<u>\$ 39,854</u>	<u>\$ 478,998</u>
Fund Balances					
Restricted	-	23,301	7,184	39,854	70,339
Assigned	107,999	-	-	-	107,999
Unassigned (Deficit)	300,660	-	-	-	300,660
<i>Total Fund Balances</i>	<u>\$ 408,659</u>	<u>\$ 23,301</u>	<u>\$ 7,184</u>	<u>\$ 39,854</u>	<u>\$ 478,998</u>

See accompanying notes to the basic financial statements

**VILLAGE OF CENTERBURG
KNOX COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Policy Levy Fund	Hartford Ave. Fund	Other Governmental Funds	Total Governmental Funds
Receipts					
Municipal Income Taxes	\$ 354,689	\$ -	\$ -	\$ -	\$ 354,689
Property Taxes	80,084	77,982	-	-	158,066
Intergovernmental	28,080	9,536	110,756	73,924	222,296
Fines, Licenses and Permits	15,511	-	-	-	15,511
Earnings on Investments	676	-	-	19	695
Miscellaneous	3,236	-	12,961	312	16,509
<i>Total Receipts</i>	<u>482,276</u>	<u>87,518</u>	<u>123,717</u>	<u>74,255</u>	<u>767,766</u>
Disbursements					
Current:					
Security of Persons and Property	129,862	82,000	-	2,955	214,817
Public Health Services	1,648	-	-	-	1,648
Community Environment	16,367	-	-	-	16,367
Transportation	90,543	-	-	53,910	144,453
General Government	212,979	100	-	4,331	217,410
Capital Outlay	-	-	116,585	-	116,585
Debt Service:					
Principal Retirement	12,457	-	-	-	12,457
Interest and Fiscal Charges	929	-	-	-	929
<i>Total Disbursements</i>	<u>464,785</u>	<u>82,100</u>	<u>116,585</u>	<u>61,196</u>	<u>724,666</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>17,491</u>	<u>5,418</u>	<u>7,132</u>	<u>13,059</u>	<u>43,100</u>
Other Financing Sources (Uses)					
Transfers In	-	17	-	-	17
Transfers Out	(429)	-	-	-	(429)
<i>Total Other Financing Sources (Uses)</i>	<u>(429)</u>	<u>17</u>	<u>-</u>	<u>-</u>	<u>(412)</u>
<i>Net Change in Fund Balances</i>	17,062	5,435	7,132	13,059	42,688
<i>Fund Balances Beginning of Year</i>	391,597	17,866	52	26,795	436,310
<i>Fund Balances End of Year</i>	<u>\$ 408,659</u>	<u>\$ 23,301</u>	<u>\$ 7,184</u>	<u>\$ 39,854</u>	<u>\$ 478,998</u>

See accompanying notes to the basic financial statements

**VILLAGE OF CENTERBURG
KNOX COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Budgeted Amounts			(Optional) Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Municipal Income Taxes	\$ 330,000	\$ 354,690	\$ 354,689	\$ (1)
Property Taxes	70,000	80,084	80,084	-
Intergovernmental	32,550	28,081	28,080	(1)
Fines, Licenses and Permits	15,000	15,512	15,511	(1)
Earnings on Investments	600	620	676	56
Miscellaneous	4,000	3,237	3,236	(1)
<i>Total Receipts</i>	<u>452,150</u>	<u>482,224</u>	<u>482,276</u>	<u>52</u>
Disbursements				
Current:				
Security of Persons and Property	131,915	129,864	129,862	2
Public Health Services	2,000	1,649	1,648	1
Community Environment	25,000	16,368	16,367	1
Transportation	87,312	90,545	90,543	2
General Government	281,757	213,433	212,979	454
Debt Service:				
Principal Retirement	12,500	12,458	12,457	1
Interest and Fiscal Charges	930	929	929	-
<i>Total Disbursements</i>	<u>541,414</u>	<u>465,246</u>	<u>464,785</u>	<u>461</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(89,264)</u>	<u>16,978</u>	<u>17,491</u>	<u>513</u>
Other Financing Sources (Uses)				
Transfers Out	(750)	(329)	(429)	(100)
Other Financing Sources	726	1	-	(1)
<i>Total Other Financing Sources (Uses)</i>	<u>(24)</u>	<u>(328)</u>	<u>(429)</u>	<u>(101)</u>
<i>Net Change in Fund Balance</i>	<u>(89,288)</u>	<u>16,650</u>	<u>17,062</u>	<u>412</u>
<i>Unencumbered Fund Balance Beginning of Year</i>	<u>391,597</u>	<u>391,597</u>	<u>391,597</u>	<u>-</u>
<i>Unencumbered Fund Balance End of Year</i>	<u>\$ 302,309</u>	<u>\$ 408,247</u>	<u>\$ 408,659</u>	<u>\$ 412</u>

See accompanying notes to the basic financial statements

**VILLAGE OF CENTERBURG
KNOX COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
POLICE LEVY FUND
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Budgeted Amounts		Actual	(Optional) Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property Taxes	\$ 70,000	\$ 82,755	\$ 77,982	\$ (4,773)
Intergovernmental	5,000	4,769	9,536	4,767
<i>Total Receipts</i>	<u>75,000</u>	<u>87,524</u>	<u>87,518</u>	<u>(6)</u>
Disbursements				
Current:				
Security of Persons and Property	82,000	82,000	82,000	-
General Government	100	100	100	-
<i>Total Disbursements</i>	<u>82,100</u>	<u>82,100</u>	<u>82,100</u>	<u>-</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(7,100)</u>	<u>5,424</u>	<u>5,418</u>	<u>(6)</u>
Other Financing Sources (Uses)				
Transfers In	25	13	17	4
<i>Net Change in Fund Balance</i>	(7,075)	5,437	5,435	(2)
<i>Unencumbered Fund Balance Beginning of Year</i>	<u>17,866</u>	<u>17,866</u>	<u>17,866</u>	<u>-</u>
<i>Unencumbered Fund Balance End of Year</i>	<u>\$ 10,791</u>	<u>\$ 23,303</u>	<u>\$ 23,301</u>	<u>\$ (2)</u>

See accompanying notes to the basic financial statements

**VILLAGE OF CENTERBURG
KNOX COUNTY**

**STATEMENT OF FUND NET POSITION - CASH BASIS
PROPRIETARY FUNDS
DECEMBER 31, 2013**

	Business-Type Activities			Total Enterprise Funds
	Water Operating	Sewer Operating	Nonmajor Enterprise Funds	
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 372,695	\$ 357,986	\$ 40,190	\$ 770,871
<i>Total Assets</i>	<u>\$ 372,695</u>	<u>\$ 357,986</u>	<u>\$ 40,190</u>	<u>\$ 770,871</u>
Net Position				
Unrestricted	<u>\$ 372,695</u>	<u>\$ 357,986</u>	<u>\$ 40,190</u>	<u>\$ 770,871</u>
<i>Total Net Position</i>	<u>\$ 372,695</u>	<u>\$ 357,986</u>	<u>\$ 40,190</u>	<u>\$ 770,871</u>

See accompanying notes to the basic financial statements

**VILLAGE OF CENTERBURG
KNOX COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND NET POSITION - CASH BASIS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Business-Type Activities			Total Enterprise Funds
	Water Operating	Sewer Operating	Nonmajor Enterprise Funds	
Operating Receipts				
Charges for Services	\$ 195,486	\$ 367,222	\$ 9,492	\$ 572,200
<i>Total Operating Receipts</i>	<u>195,486</u>	<u>367,222</u>	<u>9,492</u>	<u>572,200</u>
Operating Disbursements				
Personal Services	58,458	77,933	-	136,391
Employee Fringe Benefits	21,576	22,964	-	44,540
Contractual Services	81,723	49,693	49,977	181,393
Supplies and Materials	18,299	19,282	-	37,581
Other	-	3,000	6,545	9,545
<i>Total Operating Disbursements</i>	<u>180,056</u>	<u>172,872</u>	<u>56,522</u>	<u>409,450</u>
<i>Operating Income (Loss)</i>	<u>15,430</u>	<u>194,350</u>	<u>(47,030)</u>	<u>162,750</u>
Non-Operating Receipts (Disbursements)				
Intergovernmental	389	389	-	778
Other Debt Proceeds	-	-	49,976	49,976
Miscellaneous Receipts	2,219	933	144	3,296
Capital Outlay	(14,695)	(108,513)	-	(123,208)
Principal Retirement	(6,055)	(114,616)	-	(120,671)
Interest and Other Fiscal Charges	-	(7,352)	-	(7,352)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(18,142)</u>	<u>(229,159)</u>	<u>50,120</u>	<u>(197,181)</u>
<i>Income (Loss) before Transfers</i>	<u>(2,712)</u>	<u>(34,809)</u>	<u>3,090</u>	<u>(34,431)</u>
Transfers In	214	198	-	412
<i>Change in Net Position</i>	<u>(2,498)</u>	<u>(34,611)</u>	<u>3,090</u>	<u>(34,019)</u>
<i>Net Position Beginning of Year</i>	<u>375,193</u>	<u>392,597</u>	<u>37,100</u>	<u>804,890</u>
<i>Net Position End of Year</i>	<u>\$ 372,695</u>	<u>\$ 357,986</u>	<u>\$ 40,190</u>	<u>\$ 770,871</u>

See accompanying notes to the basic financial statements

**VILLAGE OF CENTERBURG
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013**

Note 1 – Reporting Entity

The Village of Centerburg, Knox County, Ohio (the Village), 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. The Village is directed by a six-member Council elected at large for four year terms. The Mayor is elected to a four-year term, serves as the President of Council and votes only to break a tie.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

A. Primary Government

The primary government consists of all funds, departments, and boards that are not legally separate from the Village. The Village provides general government services, water and sewer utilities, maintenance of Village streets, and police services.

B. Component Units

Component units are legally separate organizations for which the Village is financially accountable. The Village is financially accountable for an organization if the Village appoints a voting majority of the organization's governing board and (1) the Village is able to significantly influence the programs or services performed or provided by the organization; or (2) the Village is legally entitled to or can otherwise access the organization's resources; the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Village is obligated for the debt of the organization. The Village is also financially accountable for any organizations that are fiscally dependent on the Village in that the Village approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Village, are accessible to the Village and are significant in amount to the Village. The Village has no component units.

C. Jointly Governed Organizations and Public Entity Risk Pools

As detailed in Notes 7 and 14, the Village participates in the Ohio Government Risk Management Plan, a public entity risk pool, the Central Ohio Joint Fire District, and the Centerburg Joint Recreation District, both jointly governed organizations.

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

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Village's accounting policies.

A. Basis of Presentation

The Village's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**VILLAGE OF CENTERBURG
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

Note 2 – Summary of Significant Accounting Policies (continued)

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the Village that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net position presents the cash balances of the governmental and business-type activities of the Village at year end. The statement of activities compares disbursements with program receipts for each of the Village's governmental and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on a cash basis or draws from the Village's general receipts.

Fund Financial Statements

During the year, the Village segregates transactions related to certain Village functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

Proprietary fund statements distinguish operating transactions from non-operating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The proprietary fund statements report all other receipts and disbursements as non-operating.

B. Fund Accounting

The Village uses fund accounting 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. Funds are used to segregate resources that are restricted as to use. The funds of the Village are divided into two categories: governmental and proprietary.

Governmental Funds

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The Village's major governmental funds are the General Fund, the Police Levy Fund, and the Hartford Avenue Fund.

**VILLAGE OF CENTERBURG
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

Note 2 – Summary of Significant Accounting Policies (continued)

The General Fund is used to account for all financial resources, except those required to be accounted for 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. The Police Levy Fund receives property tax revenue to pay for contracted police services through the Knox County Sheriff's Office. The Other Capital Projects Fund is the Hartford Avenue Water Project. The other governmental funds of the Village account for grants and other resources whose use is restricted to a particular purpose.

Proprietary Funds

The Village classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as enterprise.

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Village's major enterprise funds are the Water Fund and the Sewer Fund. The Village also has non-major enterprise funds for utility improvements and deposits.

Water Fund - The water fund accounts for the provision of water to the residents and commercial users located within the Village.

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

C. Basis of Accounting

The Village's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Village are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

D. Budgetary Process

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Village Council may appropriate.

The appropriations ordinance is the Village Council's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Village Council. The legal level of control has been established at the function level for all funds.

**VILLAGE OF CENTERBURG
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

Note 2 – Summary of Significant Accounting Policies (continued)

D. Budgetary Process (continued)

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Clerk. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Village Council.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Village Council during the year.

E. Cash and Investments

To improve cash management, cash received by the Village is pooled and invested. Individual fund integrity is maintained through Village records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

During 2013, the Village had a Money Market Savings Account and a Cash Management Account.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2013 were \$675.

F. Accumulated Leave

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

G. Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for post-retirement healthcare benefits.

H. Long-Term Obligations

The Village's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid.

I. Net Position

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for Street Construction, Maintenance and Repair Fund, used for road maintenance projects, the Police Levy Fund, used to provide police services to the Village, and the Hartford Avenue fund, used for the Hartford Avenue Waterline project.

**VILLAGE OF CENTERBURG
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

Note 2 – Summary of Significant Accounting Policies (continued)

I. Net Position (continued)

The Village's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

J. Fund Balance

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

Non-spendable: The non-spendable fund balance category includes amounts that cannot be spent because they are not in spendable form or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

Restricted: Fund balance is reported as 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.

Enabling legislation authorizes the Village to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Village can be compelled by an external party – such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed: The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of Village Council. Those committed amounts cannot be used for any other purpose unless Village Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with the appropriate due process. Constraints imposed on the use of committed amounts are imposed by Village Council, separate from authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable.

Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned: Amounts in the assigned fund balance classification are intended to be used by the Village for specific purposes but do not meet the criteria to be classified restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by Village Council or a Village official designated that authority by ordinance or State Statute.

Unassigned: Unassigned fund balance is the residual classification for the General Fund and includes amounts not contained in the other classification. In other government funds, the unassigned classification is used only to report a deficit balance.

**VILLAGE OF CENTERBURG
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

Note 2 – Summary of Significant Accounting Policies (continued)

J. Fund Balance (continued)

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

K. Interfund Transactions

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts.

Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating receipts/disbursements in proprietary funds. Advances are transfers that will be repaid and are also reported as other financing sources/uses in governmental funds and after non-operating receipts/disbursements in proprietary funds.

In 2013, transfers to reallocate interest from the General Fund were: \$16 to Police Levy, \$214 to Water, and \$198 to Sewer.

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund and Police Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as an assignment of fund balance (cash basis). There were no encumbrances at December 31, 2013.

Note 4 – Deposits and Investments

Monies held by the Village are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

**VILLAGE OF CENTERBURG
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

Note 4 – Deposits and Investments (continued)

Interim monies held by the Village can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association.

All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Deposits

The December 31, 2013 carrying value of all deposits was \$1,249,869. Based on the criteria described in GASB Statement No. 40, "*Deposits and Investment Risk Disclosures*", as of December 31, 2013 \$ 999,869 of the Village's bank balance of \$1,249,869 was exposed to custodial credit risk as discussed below, while \$250,000 was covered by the Federal Deposit Insurance Corporation. Although the State statutory requirements for the deposit money have been followed, non-compliance with federal requirements could potentially subject the Village to a successful claim by the FDIC.

Custodial credit risk is the risk that in the event of bank failure, the Village will not be able to recover deposits. All deposits are collateralized with eligible securities in amounts equal to at least 105 % of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the Federal Reserve System, in the name of the respective depository and pledged as pooled collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Village.

**VILLAGE OF CENTERBURG
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

Note 4 – Deposits and Investments (continued)

The Village has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Village or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Note 5 – Income Taxes

The Village levies a 1 percent income tax whose proceeds are placed into the General Fund. The Village levies and collects the tax on all income earned within the Village as well as on incomes of residents earned outside the Village. In the latter case, the Village allows a credit of the lesser of actual taxes paid to another city or 50 percent of the 1 percent tax rate on taxable income. Employers within the Village are required to withhold income tax on employee earnings and remit the tax to the Village at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually. Taxes are administered on behalf of the Village by the Regional income Tax Agency (RITA).

Note 6 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Real property tax receipts received in 2013 for real and public utility property taxes represents collections of the 2012 taxes. Real property tax receipts received during 2013 for tangible personal property (other than public utility property) are for 2012 taxes. Property taxes are levied after October 1, 2012 on the assessed values as of January 1, 2012, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2013 represent the collection of 2012 taxes. Public utility real and tangible personal property taxes received in 2013 became a lien on December 31, 2012 were levied after October 1, 2012, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value, public utility tangible personal property is currently assessed at varying percentages of true value.

The full tax rate for all Village operations for the year ended December 31, 2012 was \$9.40 per \$1,000 of assessed value. The assessed values of real and personal property upon which 2013 property tax receipts were based are as follows:

Real Property	
Residential	\$ 18,302,560
Agricultural	112,250
Public Utility	14,130
Commercial/Ind/Mineral	4,855,640
Public Utility Property	854,280
<u>Total Assessed Values</u>	<u>\$ 24,138,860</u>

**VILLAGE OF CENTERBURG
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

Note 6 – Property Taxes (continued)

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Village. The County Auditor periodically remits to the Village its portion of the taxes collected.

Note 7 – Risk Management

Risk Pool Membership

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

Pursuant to 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 appointed independent agents in the State of Ohio.

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

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

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

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

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

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

**VILLAGE OF CENTERBURG
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

Note 8 – Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

Plan Description - The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2013, members in state and local classifications contributed 10 percent of covered payroll.

The Village's contribution rate for 2013 was 14 percent of covered payroll.

The Village's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2013, 2012, and 2011 were \$35,147, \$35,543, and \$ 34,662, respectively.

Note 9 - Post-Employment Benefits

Ohio Public Employees Retirement System

Plan Description - Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan – a defined contribution plan; and the Combined Plan – a cost-sharing, multiple employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment healthcare plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including post-employment healthcare. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for post-employment healthcare coverage, age and service retirees under the traditional and combined plans must have ten or more years of qualifying Ohio service credit. Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not require, OPERS to provide healthcare benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

**VILLAGE OF CENTERBURG
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

Note 9 - Post-Employment Benefits (continued)

Disclosures for the healthcare plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 4642 or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The post-employment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring employers to fund post-retirement health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement healthcare.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2013, state and local employers contributed 14 percent of covered payroll and public safety and law enforcement employers contributed at 17.87 percent. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law and public safety employer units.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding post-employment healthcare benefits. The amount of the employer contributions which was allocated to fund post-employment healthcare was not available.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the healthcare benefits by the retiree or the retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment healthcare plan.

The Village's contributions allocated to fund post-employment healthcare benefits for the years ended December 31, 2012, and 2011 were \$2,410, and \$2,426 respectively; 100% has been contributed for 2012 and 2011.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased on January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2012. These rate increases allowed additional funds to be allocated to the healthcare plan.

Note 10 – Debt

The Village's long-term debt activity for the year ended December 31, 2013, was as follows:

**VILLAGE OF CENTERBURG
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

Note 10 – Debt (continued)

	Interest Rate	Balance December 31, 2012	Additions	Reductions	Balance December 31, 2013	Due Within One Year
<u>Governmental Activities</u>						
Town Hall Renovation	3.65%	\$ 25,369	\$	\$ 12,457	\$ 12,912	\$ 12,912
<u>Business-type Activities</u>						
OWDA Sewer Loan	8.35%	\$ 89,691		\$ 59,000	\$ 30,691	\$ 30,692
OPWC Sewer Lines	0%	60,596		6,732	53,864	6,733
OPWC Willis Street	0%	10,940		994	9,946	994
OPWC Westside Water	0%	102,947		6,056	96,891	6,056
Lock Road Project	5.16%	20,389		20,389	0	0
WRF Planning & Des Loan	4.42%	443,100	49,976	27,500	465,576	27,500
<u>Total Business-type Activities</u>		<u>\$727,663</u>	<u>0</u>	<u>\$120,671</u>	<u>\$656,968</u>	<u>\$71,975</u>

The Town Hall Renovation Note provided for remodeling of the second floor of the Town Hall to house handicap accessible Village offices and Council Chambers. The note for the property at Lock Road enabled the Village to purchase real estate for future construction of a new Water Reclamation Facility. A substantial payment was made in 2009 due to the sale of the house and 5 acres of property. The note was paid off in 2013. The Town Hall Renovation Note is backed by the full faith and credit of the Village and matures as indicated below:

Year	Principal	Interest
2014	\$ 12,912	\$ 471
Totals	\$ 12,912	\$ 471

The Ohio Water Development Authority (OWDA) loan relates to a sewer system expansion project that was mandated by the Ohio Environmental Protection Agency. The loan will be repaid in semiannual installments, including interest, over 25 years. The loan is secured by sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Public Works Commission (OPWC) Sewer Line Loan relates to a sewer line replacement project. The OPWC approved \$134,659 in loans to the Village for this project. The loans will be repaid in semi-annual installments of \$3,367 with no interest over 20 years. The loan is secured by sewer receipts. The Village has agreed to set utility rates sufficient to OPWC debt service requirements.

**VILLAGE OF CENTERBURG
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

Note 10 – Debt (continued)

The Ohio Public Works Commission (OPWC) Willis Street Loan relates to a sanitary sewer replacement project. The OPWC approved \$19,887 in loans to the Village for this project. The loan will be repaid in semi-annual installments of \$497 with no interest over 20 years.

The Ohio Public Works Commission (OPWC) Westside Waterline Loan relates to a connector line project. The OPWC approved \$132,300 in loans to the Village for this project. The Village only utilized \$121,115 of the approved loan amount. The loan will be repaid in semi-annual installments of \$3,028 with no interest over 20 years.

The Ohio Public Works Commission (OPWC) WRF Development Loan relates to the expense of planning and development for the new Water Reclamation Facility mandated by the Ohio EPA to be built on the Lock Road property. The loan is secured by sewer receipts. Semi-annual principal payments will be made until the loan is rolled into loans for the entire WRF once construction begins. In 2013, the Village drew down \$49,976 in funds of the total approved loan amount of \$550,000. Repayment of this loan will be rolled into the OWDA loan for the construction of the new Water Reclamation Facility, having a total estimated cost of \$8,161,490 at 0% interest, to be repaid over a 20 year period at \$204,037 biannually.

The following is a summary of the Village's future annual debt service requirements:

Year	OWDA Loan		OPWC Loans	
	Principal	Interest	Principal	
2014	\$30,691	\$2,552	\$ 13,783	
2015 - 2016			27,566	
2017 - 2021			68,915	
2022 - 2024			20,653	
2025 - 2029			29,784	
Totals	\$30,691	\$2,552	\$ 160,701	

The Ohio Revised Code provides that net general obligation debt of the Village, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Village. The Revised Code further provides that total voted and unvoted net debt of the Village less the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2013, were an overall debt margin of \$2,534,580 and an unvoted debt margin of \$1,327,637.

Note 11– Interfund Transfers

During 2013 the following transfers were made:

Transfers from the General Fund to:	
Police Levy Fund	\$ 16
Water Fund	214
Sewer Fund	198
Total Transfers from the General Fund	\$ 428

Transfers to the Police Levy Fund and the Enterprise Funds from the General Fund were to allocate a portion of the interest earnings to these funds in 2013.

**VILLAGE OF CENTERBURG
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2013
(Continued)**

Note 12 – Construction and Contractual Commitments

The Village has a financial commitment of \$ 7,131.48 for retainage on the Hartford Avenue Waterline Project.

Note 13 – Contingent Liabilities

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

Note 14 – Jointly Governed Organizations

The Central Ohio Joint Fire District (the District) is a jointly governed organization pursuant to the Ohio Revised Code 505.371. The District was formed in 2000 and consists of Hilliar, Milford, and Liberty Townships, and the Village of Centerburg. The District board consists of a trustee from each township, a Council member from the Village, and an at-large member appointed by a vote of the District Board. Revenues are generated from a 5.5 mil operating levy. The Village is also part of the Centerburg Joint Recreation District. The District board encompasses the same area as Centerburg Local Schools. There are five board members, consisting of a representative from Hilliar, Milford, and Liberty Townships, the Village of Centerburg, and the Centerburg Schools.



Dave Yost • Auditor of State

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

Village of Centerburg
Knox County
49 ½ East Main Street
Centerburg, Ohio 43011

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Centerburg, Knox County, (the Village) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated April 30, 2015.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings, we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. 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. We consider finding 2013-001 described in the accompanying schedule of findings to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Village's Response to Finding

The Village's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Village's response and, accordingly, we express no opinion on it.

Purpose of this Report

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

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

Dave Yost
Auditor of State
Columbus, Ohio

April 30, 2015

**VILLAGE OF CENTERBURG
KNOX COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2013**

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

FINDING NUMBER 2013-001

Financial Statement Presentation/Material Weakness

Sound financial reporting is the responsibility of the Fiscal Officer and Village Council and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. A monitoring system should be in place to prevent or detect material misstatements for the accurate presentation of the Village's financial statements.

Several audit reclassifications and one audit adjustment were posted to the Village's December 31, 2013 financial statements and, where applicable, the accounting records to accurately reflect account balances. The following posting errors were noted:

	Amount
Governmental Activities:	
The following reclassifications were needed to the respective line items:	
General Receipts: Police Services, posted as taxes.	\$69,397
Operating Grants/Contributions: Security of Persons and Property, posted as taxes.	\$9,536
Operating Grants/Contributions: Transportation, posted as taxes.	\$9,318
Capital Grants/Contributions: Capital Outlay, posted as Grants/Entitlements not Restricted to Specific Programs.	\$111,612
Assigned Fund Balance: Amount incorrectly recorded as Unassigned	\$107,999
Homestead and rollback receipts were posted as taxes in the General and Police Funds	\$4,767
Business Type Activities:	
The Village reported Westside Water Fund, a Proprietary Fund, in the Governmental Fund Type	\$10,622
Debt proceeds from the Ohio Water Development Authority were posted as Other Financing Sources rather than debt proceeds.	\$49,976

Not posting receipts and disbursements accurately to the ledgers resulted in the financial statements requiring audit adjustments and reclassification entries; furthermore, inaccurate accounting records could make it difficult for the Village Council to effectively monitor the Village's activities or identify misstatements or errors in a timely manner.

We recommend the Village's Fiscal Officer take steps to ensure the accurate posting of all transactions to the ledgers. Cash receipts should be posted in accordance with procedures and posting guidelines established in the Uniform Accounting Network line item descriptions. By exercising accuracy in recording financial activity, the Village can reduce posting errors and increase the reliability of the financial data throughout the year.

VILLAGE OF CENTERBURG
KNOX COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2013
(Continued)

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

FINDING NUMBER 2013-001 (Continued)

Financial Statement Presentation/Material Weakness (Continued)

We also recommend the Village implement additional procedures over the completeness and accuracy of financial information reported within the annual financial report. Such procedures may include review of the financial statements and related components with analytical comparisons of the current year annual report to the prior year reports for obvious errors or omissions.

Officials' Response:

The receipts were posted to the correct funds but inadvertently to the wrong line items. The Clerk-Treasurer will review revenue ledgers to assure the correct amounts are posted to the appropriate line items. Postings to the Westside Water Fund were per AOS Technical Bulletin 2002-004.



Dave Yost • Auditor of State

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
JUNE 30, 2015**