



OHIO AUDITOR OF STATE  
**KEITH FABER**





VILLAGE OF CENTERVILLE  
GALLIA COUNTY

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# OHIO AUDITOR OF STATE KEITH FABER



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Village of Centerville  
Gallia County  
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To Mayor Eugene Layton and Village Council:

## **Background**

The Auditor of State, Special Investigations Unit (SIU) conducted a criminal investigation and special audit of the Village of Centerville (Village) predicated on information received from the Auditor of State's financial auditors regarding possible missing sewer collections.

The investigation began in November 2019, after SIU received a memorandum from the financial auditors indicating the 2017-2018 audit of the Village's sewer collections identified lower deposited amounts in the Village's bank account when compared to receipted amounts recorded by the Village's Fiscal Officer, David House. It was alleged the Mr. House was the only person handling the collections and deposits.

After the information obtained from interviews and preliminary examination of the Village's sewer collection records and bank statements was considered, a Special Audit was declared by the Auditor of State.

This engagement was conducted in accordance with the [Auditor of State Special Investigations Unit, Quality Standards](#).

## **Suspect**

David House has been the Fiscal Officer for the Village for over 20 years.

## **Scheme**

We defined our audit period (the Period) as covering January 1, 2017 through December 31, 2020, based on when the financial auditors first noted the lower amounts deposited in the bank relative to the sewer collections recorded by Mr. House. Mr. House was solely responsible for collecting cash and check payments for the Village sewer fees. Payments were either mailed to the Village or dropped off by residents at Mr. House's home. The payments dropped off at his home were collected by his wife if he was not there. In addition, his two adult children resided in his home. Mr. House indicated money collected at his residence was kept in a bank bag; however, the collections were not maintained in a locked bag or cabinet. As a result, multiple unauthorized individuals had access to the funds. Mr. House manually recorded the payment amounts, date paid, and type of payment on printed "Customer bills" tracking sheets that included the customer's name, account number, and amount due. Mr. House prepared the bank deposits, deposited the funds into the Village's bank account and recorded the deposit in the Village's accounting system. However, our audit found that the "Customer bills" tracking sheets routinely documented higher amounts collected by Mr. House each month than what was deposited in the bank account and posted in the accounting system.

## **Findings**

Based on the special audit procedures and investigation, the Auditor of State confirmed the allegation of public money collected but unaccounted for by David House over a span of four years.

We issued a finding for recovery totaling \$7,047 for public money collected but unaccounted during the Period.

The full details of the finding for recovery are located in the Appendix.

**Prosecution**


At the conclusion of the special audit and investigation, the special audit results were reviewed by an Auditor of State Attorney, who determined there was insufficient evidence to meet the standards for recommending criminal charges against Mr. House. However, there was sufficient evidence to support issuing a finding for recovery against Mr. House, as detailed in the Appendix.

The exit conference was waived by the Village; however, the Village Council were given five days to respond to this special audit report. A response was not received from the Village.



Keith Faber  
Auditor of State  
Columbus, Ohio

June 6, 2023



**APPENDIX**  
**SCHEDULE OF FINDING FOR RECOVERY**

# APPENDIX

## FINDING FOR RECOVERY – REPAID UNDER AUDIT

**Ohio Admin. Code § 117-2-01(D)(4)** requires, in part, that entities plan for adequate segregation of duties or compensating controls. During the Period, the Village Fiscal Officer, David House, was solely responsible for collecting cash and check payments for sewer fees. Mr. House manually recorded the payment amount, date paid, and type of payment on printed “Customer bills” tracking sheets that included the customer’s name, account number, and amount due. Mr. House would then deposit the funds into the Village’s bank account and record the deposit in the Village’s accounting system. The Village did not reconcile the payments recorded on the “Customer bills” tracking sheets to the bank statements or to the accounting system. Additionally, there were no formal policies and procedures in place documenting the process to be followed for the sewer collections and customers were permitted to deliver sewer payments to the home of Mr. House.

Our analysis identified the following sewer receipts collected by Mr. House during the Period; however, the money collected was not posted to the Village’s accounting records and not deposited into the Village’s bank account:

- \$4,737 in cash or unidentified payment type receipts, and
- \$1,450 in check payment receipts.

Additionally, we identified \$860 in sewer fees that were not recorded as paid on the “Customer bills” tracking sheet for August 2017. The Village did not document any payments received for August 2017. Therefore, we deduced the fees of \$860 were paid but not posted to the accounting system and not deposited into the bank account, based on the amounts owed on subsequent bills and after accounting for the payments that were deposited in the bank account and posted in the accounting system.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a finding for recovery for public money collected but unaccounted for is hereby issued against David House, and jointly and severally to his bonding company, Ohio Plan Risk Management, in the amount of \$7,047 and in favor of the Village’s Sewer Fund.

On July 20, 2023, David House made full restitution to the Village in the amount of \$7,047, which was deposited into the Village’s Sewer Fund.



# OHIO AUDITOR OF STATE KEITH FABER



## VILLAGE OF CENTERVILLE SPECIAL AUDIT

GALLIA 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 8/24/2023

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This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)