



OHIO AUDITOR OF STATE
KEITH FABER



VILLAGE OF CENTERVILLE
GALLIA COUNTY

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INDEPENDENT AUDITOR'S REPORT

Village of Centerville
Gallia County
P.O. Box 8
Thurman, Ohio 45685

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental and proprietary fund type combined total as of and for the year ended December 31, 2020 and for each governmental and proprietary fund type as of and for the year ended December 31, 2019, and related notes of the Village of Centerville, Gallia County, Ohio (the Village).

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(C) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

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 such 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.

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

As described in Note 2 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code §117.38 and Ohio Administrative Code § 117-2-03(C) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2020 and 2019, and the respective changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type combined total as of and for the year ended December 31, 2020 and for each governmental and proprietary fund type as of and for the year ended December 31, 2019, and related notes of the Village, in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(C) permit, described in Note 2.

Emphasis of Matter

The accompanying financial statements have been prepared assuming the Village will continue as a going concern. As discussed in Note 10 to both the 2020 and 2019 financial statements, the Village has suffered recurring net losses and has a deficit balance in the Sanitary Sewer Fund at December 31, 2020. These conditions raise substantial doubt about the Village's ability to continue as a going concern. Management's plans regarding those matters are also described in Note 10. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. We did not modify our opinion regarding this matter.

As discussed in Note 12 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2022, 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.



Keith Faber
Auditor of State
Columbus, Ohio

December 1, 2022

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Village of Centerville, Ohio
Gallia County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2020

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$107	\$0	\$107
Intergovernmental	48,191	88,122	136,313
Charges for Services	7,052	0	7,052
Miscellaneous	13,799	0	13,799
<i>Total Cash Receipts</i>	<u>69,149</u>	<u>88,122</u>	<u>157,271</u>
Cash Disbursements			
Current:			
Security of Persons and Property	13,493	66,887	80,380
Transportation	0	179	179
General Government	37,937	0	37,937
Debt Service:			
Principal Retirement	2,699	0	2,699
Interest and Fiscal Charges	1,992	0	1,992
<i>Total Cash Disbursements</i>	<u>56,121</u>	<u>67,066</u>	<u>123,187</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>13,028</u>	<u>21,056</u>	<u>34,084</u>
Other Financing Receipts (Disbursements)			
Transfers Out	(6,000)	0	(6,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(6,000)</u>	<u>0</u>	<u>(6,000)</u>
<i>Net Change in Fund Cash Balances</i>	7,028	21,056	28,084
<i>Fund Cash Balances, January 1</i>	<u>20,254</u>	<u>26,386</u>	<u>46,640</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$27,282</u></u>	<u><u>\$47,442</u></u>	<u><u>\$74,724</u></u>

See accompanying notes to the basic financial statements

Village of Centerville , Ohio
Gallia County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2020

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	\$32,083
<i>Total Operating Cash Receipts</i>	<u>32,083</u>
Operating Cash Disbursements	
Personal Services	1,200
Employee Fringe Benefits	185
Contractual Services	24,414
Supplies and Materials	10,985
<i>Total Operating Cash Disbursements</i>	<u>36,784</u>
<i>Operating Income (Loss)</i>	<u>(4,701)</u>
Non-Operating Receipts (Disbursements)	
Principal Retirement	(11,072)
Other Financing Sources	7,749
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(3,323)</u>
<i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	(8,024)
Transfers In	6,000
<i>Net Change in Fund Cash Balances</i>	(2,024)
<i>Fund Cash Balances, January 1</i>	<u>(12,829)</u>
<i>Fund Cash Balances, December 31</i>	<u><u>(\$14,853)</u></u>

See accompanying notes to the basic financial statements

Village of Centerville, Ohio
Gallia County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 – Reporting Entity

The Village of Centerville (the Village), Gallia County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides sewer services, fire protection, and maintenance of street lighting. The Village contracts with the Gallia County Sheriff's department to provide security of persons and property.

Public Entity Risk Pool

The Village participates in the Ohio Plan Risk Management, Inc. (OPRM) a public entity risk pool. Note 6 to the financial statements provides additional information for this entity. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Fund:

Coronavirus Relief The coronavirus relief fund accounts for and reports that portion of the coronavirus relief funds to respond to the COVID-19 pandemic.

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

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

Village of Centerville, Ohio
Gallia County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

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

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must approve estimated resources.

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

A summary of 2020 budgetary activity appears in Note 3.

Capital Assets

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

Fund Balance

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

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Village of Centerville, Ohio
Gallia County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

Committed Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

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

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

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

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$64,125	\$69,149	\$5,024
Special Revenue	86,744	88,122	1,378
Enterprise	40,149	45,832	5,683
Total	\$191,018	\$203,103	\$12,085

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$71,169	\$62,541	\$8,628
Special Revenue	90,341	82,406	7,935
Enterprise	34,570	47,856	(13,286)
Total	\$196,080	\$192,803	\$3,277

Contrary to Ohio Law, the Sewer Fund had a deficit fund balance of \$14,853 at December 31, 2020. Also contrary to Ohio Law, expenditures exceeded appropriations in the Enterprise Fund in 2020.

Village of Centerville, Ohio
Gallia County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 4 – Deposits and Investments

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit and investment accounts are as follows:

Demand deposits	2020 \$59,871
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Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

Note 5 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

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

Note 6 – Risk Management

Risk Pool Membership

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

Village of Centerville, Ohio
Gallia County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

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. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. Effective November 1, 2020, the OPRM's property retention increased from 33% to 55%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 771 members as of December 31, 2020.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2020.

Assets	\$ 18,826,974
Liabilities	<u>(13,530,267)</u>
Members' Equity	<u>\$ 5,296,707</u>

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

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed ten percent of their gross salaries, and the Village contributed an amount equaling fourteen percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2020.

Social Security

The Village's Council Members contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2020.

Village of Centerville, Ohio
Gallia County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2020.

Note 9 – Debt

Debt outstanding at December 31, 2020, was as follows:

	Principal	Interest Rate
Ohio Valley Bank	\$38,344	3.75%
Ohio Public Works Commission - CT41B	\$3,022	0.00%
Ohio Public Works Commission - CU04P	3,394	0.00%
Total	\$44,760	

Amortization

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

Year Ending December 31:	General Obligation Notes	Ohio Public Works Loan #CT41B	Ohio Public Works Loan #CU04P
2021	\$15,549	\$1,511	\$148
2022	15,549	1,511	148
2023	9,070		148
2024			147
2025			148
2026-2030			738
2031-2035			738
2036-2040			737
2041-2043			442
Total	\$40,168	\$3,022	\$3,394

Note 10 – Going Concern

Expenses have exceeded revenues for the years of 2005, 2006, 2007, 2008, 2009, 2010, 2012, 2014, 2017, 2018, 2019, and 2020 in the Sewer Fund. The Sewer Fund reflected a deficit balance of \$14,853 at the end of 2020. While the Village is in a positive cash balance position, most of the cash is in the Special Revenue Funds. The use of these funds is limited by statute and, therefore, the Village is not permitted to use these monies to remedy the deficit balances.

Village of Centerville, Ohio
Gallia County
Notes to the Financial Statements
For the Year Ended December 31, 2020
(Continued)

The Village Council is looking into various ways for the Sewer Fund to operate efficiently. There are various remedies available, the most severe of which include placing the Village on fiscal watch or fiscal emergency. The Village does not know if such action will be taken. The accompanying financial statements do not include any adjustments that might be necessary if the Village is unable to continue as a going concern.

Note 11 – Special Investigation

The Auditor of State is conducting a special investigation. As of the date of this report, the investigation is ongoing. The results of the investigation will be reported on at a later date.

Note 12 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

During 2020, the Village received \$81,942 as an on-behalf of grant from another government. These amounts are recorded in the Coronavirus Relief Special Revenue Fund

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Village of Centerville, Ohio
Gallia County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2019

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$95	\$0	\$95
Intergovernmental	48,185	5,331	53,516
Charges for Services	6,748	0	6,748
Miscellaneous	25,361	0	25,361
<i>Total Cash Receipts</i>	<u>80,389</u>	<u>5,331</u>	<u>85,720</u>
Cash Disbursements			
Current:			
Security of Persons and Property	12,603	0	12,603
Transportation	0	1,735	1,735
General Government	59,239		59,239
Debt Service:			
Principal Retirement	2,585	0	2,585
Interest and Fiscal Charges	2,490	0	2,490
<i>Total Cash Disbursements</i>	<u>76,917</u>	<u>1,735</u>	<u>78,652</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>3,472</u>	<u>3,596</u>	<u>7,068</u>
<i>Fund Cash Balances, January 1</i>	<u>16,782</u>	<u>22,790</u>	<u>39,572</u>
Fund Cash Balances, December 31			
Restricted	0	\$26,386	26,386
Assigned	7,044	0	7,044
Unassigned (Deficit)	13,210	0	13,210
<i>Fund Cash Balances, December 31</i>	<u>\$20,254</u>	<u>\$26,386</u>	<u>\$46,640</u>

See accompanying notes to the basic financial statements

Village of Centerville , Ohio
Gallia County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2019

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	\$29,165
<i>Total Operating Cash Receipts</i>	<u>29,165</u>
Operating Cash Disbursements	
Personal Services	1,200
Employee Fringe Benefits	185
Contractual Services	20,851
Supplies and Materials	525
<i>Total Operating Cash Disbursements</i>	<u>22,761</u>
<i>Operating Income (Loss)</i>	<u>6,404</u>
Non-Operating Receipts (Disbursements)	
Principal Retirement	(12,263)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(12,263)</u>
<i>Net Change in Fund Cash Balances</i>	(5,859)
<i>Fund Cash Balances, January 1</i>	<u>(6,970)</u>
<i>Fund Cash Balances, December 31</i>	<u><u>(\$12,829)</u></u>
<i>See accompanying notes to the basic financial statements</i>	

Village of Centerville, Ohio
Gallia County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 – Reporting Entity

The Village of Centerville (the Village), Gallia County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides sewer services, fire protection, and maintenance of street lighting. The Village contracts with the Gallia County Sheriff's department to provide security of persons and property.

Public Entity Risk Pool

The Village participates in the Ohio Plan Risk Management, Inc. (OPRM) a public entity risk pool. Note 6 to the financial statements provides additional information for this entity. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Fund:

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

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

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

Village of Centerville, Ohio
Gallia County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

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

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

Estimated Resources Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must approve estimated resources.

Encumbrances The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2019 budgetary activity appears in Note 3.

Capital Assets

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

Fund Balance

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

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Village of Centerville, Ohio
Gallia County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Committed Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

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

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

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

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$58,143	\$80,389	\$22,246
Special Revenue	2,700	5,331	2,631
Enterprise	32,400	29,165	(3,235)
Total	\$93,243	\$114,885	\$21,642

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$77,463	\$76,917	\$546
Special Revenue	4,650	1,735	2,915
Enterprise	36,329	35,024	1,305
Total	\$118,442	\$113,676	\$4,766

Contrary to Ohio Law, the Sewer Fund had a deficit fund balance of \$12,829 at December 31, 2019.

Village of Centerville, Ohio
Gallia County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Note 4 – Deposits and Investments

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit and investment accounts are as follows:

Demand deposits	2019
	\$33,811

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation.

Note 5 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

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

Note 6 – Risk Management

Risk Pool Membership

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

Village of Centerville, Ohio
Gallia County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

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. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 776 members as of December 31, 2019.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2019.

Assets	\$ 15,920,504
Liabilities	<u>(11,329,011)</u>
Members' Equity	<u>\$ 4,591,493</u>

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

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed ten percent of their gross salaries, and the Village contributed an amount equaling fourteen percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2019.

Social Security

The Village's Council Members contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2019.

Village of Centerville, Ohio
Gallia County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2019.

Note 9 – Debt

Debt outstanding at December 31, 2019, was as follows:

	Principal	Interest Rate
Ohio Valley Bank	\$51,955	3.75%
Ohio Public Works Commission - CT41B	\$3,022	0.00%
Ohio Public Works Commission - CU04P	3,394	0.00%
Total	\$58,371	

Amortization

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

Year Ending December 31:	Ohio Valley Bank	Ohio Public Works Loan #CT41B	Ohio Public Works Loan #CU04P
2020	\$15,549	\$755	\$74
2021	15,549	1,512	148
2022	15,549	755	148
2023	9,070		147
2024			147
2025-2029			738
2030-2034			738
2035-2039			738
2040-2043			516
Total	\$55,717	\$3,022	\$3,394

Note 10 – Going Concern

Expenses have exceeded revenues for the years of 2005, 2006, 2007, 2008, 2009, 2010, 2012, 2014, 2017, 2018 and 2019 in the Sewer Fund. The Sewer Fund reflected a deficit balance of \$12,829 at the end of 2019. While the Village is in a positive cash balance position, most of the cash is in the Special Revenue Funds. The use of these funds is limited by statute and, therefore, the Village is not permitted to use these monies to remedy the deficit balances.

Village of Centerville, Ohio
Gallia County
Notes to the Financial Statements
For the Year Ended December 31, 2019
(Continued)

The Village Council is looking into various ways for the Sewer Fund to operate efficiently. There are various remedies available, the most severe of which include placing the Village on fiscal watch or fiscal emergency. The Village does not know if such action will be taken. The accompanying financial statements do not include any adjustments that might be necessary if the Village is unable to continue as a going concern.

Note 11 – Special Investigation

The Auditor of State is conducting a special investigation. As of the date of this report, the investigation is ongoing. The results of the investigation will be reported on at a later date.

Note 12 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Note 13 – Prior Period Restatement

The January 1, 2019 fund balances were restated due to voiding checks written in prior periods and voiding receipts that were double posted in prior periods. The change to fund balances are as follows:

	Fund	December 31, 2018 Balance	Restated January 1, 2019 Balance	Restatement		
	General	\$ 16,195	\$ 16,782	\$ 587		
	Sewer	(5,360)	(6,970)	(1,610)		

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OHIO AUDITOR OF STATE KEITH FABER



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

Village of Centerville
Gallia County
P.O. Box 8
Thurman, Ohio 45685

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 cash balances, receipts, and disbursements for each governmental and proprietary fund type combined total as of and for the year ended December 31, 2020 and for each governmental and proprietary fund type as of and for the year ended December 31, 2019, and related notes of the Village of Centerville, Gallia County, Ohio (the Village), and have issued our report thereon dated December 1, 2022, wherein we noted the Village followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(C) permit. We noted the Village was experiencing financial difficulties. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Village.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinions 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.

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 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings that we consider material weaknesses. We consider Findings 2020-002 through 2020-005 to be material weaknesses.

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 financial statement. 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 an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2020-001.

Village's Response to Findings

The Village's responses to the Findings identified in our audit are described in the accompanying Schedule of Findings. We did not subject the Village's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

December 1, 2022

**VILLAGE OF CENTERVILLE
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019**

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

FINDING NUMBER 2020-001

Noncompliance

Ohio Rev. Code § 5705.41(B) prohibits a subdivision or taxing authority unit from making any expenditure of money unless it has been appropriated in accordance with the Ohio Revised Code.

Due to inadequate policies and procedures in approving and reviewing budget versus actual information, the Village's Sewer Fund had expenditures in excess of appropriations of \$13,286 as of December 31, 2020. Failure to have adequate appropriations in place at the time expenditures are made could cause expenditures to exceed available resources, further resulting in deficit spending practices.

The Village Council should closely monitor expenditures and appropriations and make the necessary appropriation amendments, if possible, to reduce the likelihood of expenditures exceeding appropriations. Additionally, the Fiscal Officer should deny payment requests exceeding appropriations when appropriations are inadequate to cover the expenditures.

Officials' Response: The Fiscal Officer will inform Council when we need to adjust appropriations.

FINDING NUMBER 2020-002

Material Weakness

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Sound accounting practices require accurately posting estimated receipts and appropriations to the ledgers to provide information for budget versus actual comparison and to allow the Council to make informed decisions regarding budgetary matters.

The Appropriation resolution and subsequent amendments establish the legal spending authority of the Village and the appropriation ledger provides the process by which the Village controls spending, it is therefore necessary the amounts appropriated by the Council are precisely stated and accurately posted to the appropriation ledger.

The original certificate and amendments establish the amounts available for expenditures for the Village and the receipts ledger provides the process by which the Village controls what is available, it is therefore necessary the amounts estimated by the County Budget Commission are posted accurately to the receipts ledger.

**VILLAGE OF CENTERVILLE
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2020-002 (Continued)

Material Weakness (Continued)

At December 31, 2020, estimated receipts as approved by the Budget Commission did not agree to the Village's accounting system. The variances and funds are as follows:

Fund	Approved Amount	Amount per UAN	Variance
General	\$ 64,125	\$ 69,150	\$ (5,025)
Street	4,443	5,716	(1,273)
Highway	360	463	(103)
Sewer	40,149	50,369	(10,220)

At December 31, 2019, estimated receipts as approved by the Budget Commission did not agree to the Village's accounting system. The variances and funds are as follows:

Fund	Approved Amount	Amount per UAN	Variance
General	\$ 58,143	\$ 81,906	\$ (23,763)
Street	2,500	4,443	(1,943)
Highway	200	360	(160)

At December 31, 2020, approved appropriations did not agree to the Village's accounting system as follows:

Fund	Approved Amount	Amount per UAN	Variance
General	\$ 71,169	\$ 65,743	\$ 5,426
Street	7,450	4,500	2,950
Highway	950	150	800
Sewer	34,570	34,263	307

At December 31, 2019, approved appropriations did not agree to the Village's accounting system as follows:

Fund	Approved Amount	Amount per UAN	Variance
General	\$ 77,463	\$ 81,127	\$ (3,664)

**VILLAGE OF CENTERVILLE
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2020-002 (Continued)

Material Weakness (Continued)

Also, the appropriations for the General, Special Revenue, and Enterprise Fund types of \$71,169, \$90,341, and \$34,570, respectively, were omitted from the notes to the financial statements for the year ended December 31, 2020. In addition, the estimated receipts for the General, Special Revenue, and Enterprise Fund types were overstated by \$5,025, \$1,377, and \$10,120, respectively, in the notes to the financial statements for the year ended December 31, 2020. Also, the appropriations for the General, Special Revenue, and Enterprise Fund types of \$77,463, \$4,650, and \$36,329, respectively, were omitted from the notes to the financial statements for the year ended December 31, 2019. In addition, the estimated receipts for the General and Special Revenue Fund types were overstated by \$23,763 and \$2,103 respectively, in the notes to the financial statements for the year ended December 31, 2019.

The Village did not have procedures in place to accurately post authorized budgetary measures to the accounting system. The appropriations (and/or amendments thereof) approved by the Council were not properly posted to the accounting system. Additionally, the approved Certificate of Estimated Resources (and/or amendments thereof) was not properly posted to the accounting system.

Failure to accurately post the appropriations and estimated resources to the ledgers could result in overspending and negative cash balances. In addition, this could and did lead to inaccurate reporting of the budgetary information in the financial statements.

To effectively control the budgetary cycle and to maintain accountability over receipts and expenditures, the Village should post to the ledgers, on a timely basis, estimated resources as certified by the budget commission and appropriations approved by the Council. The Village should then monitor budget versus actual reports to help ensure amended certificates of resources and appropriations have been properly posted to the ledgers.

Official's Response: The Fiscal Officer will add more reports to Council to monitor actual vs. budget.

FINDING NUMBER 2020-003

Material Weakness

The Village issued a note on July 12, 2013 for \$92,084 that was used to pay off a previous Sanitary Sewer Note balance of \$68,825 as well as the balance of the Fire Truck Note of \$22,326. This note was refinanced on August 4, 2016 to include an additional \$20,000. The proceeds of this refinance were used to pay for new sewer pumps and for the hauling of them.

According to the loan agreement, if the Village were to default on this loan, the lending financial institution may demand immediate payment of all unpaid principal, interest and other charges; set off this debt against any right the Village has to payment of money from this financial institution, including any deposits account balance the Village has with the financial institution; demand security, additional security, or additional parties to be obligated to pay this note as a condition for not using any other remedy; refuse to have under state or federal law. The Village maintains its checking account with the same financial institution; therefore, the stated above lending institution would have the right to seize the Village's account balance if a default occurs.

**VILLAGE OF CENTERVILLE
GALLIA COUNTY**
**SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2020-003 (Continued)

Material Weakness (Continued)

At December 31, 2019 the Village had a balance of \$20,254 in the General Fund and a deficit balance of \$12,829 in the Sewer Fund. At December 31, 2020, the Village had a balance of \$27,282 in the General Fund and a deficit balance of \$14,853 in the Sewer Fund. Per review of the Sewer Fund activity for 2019 and 2020, the fund ran in a deficit throughout 2019 and 2020.

The Village should develop a plan to generate sufficient revenues to pay the General Obligation Note - Sanitary Sewer portion and maintain a reserve balance in the event the sanitary sewer system is in need of substantial repairs. Potential solutions for generating additional revenue include but are not limited to levying a new tax, implementing a user based fee as opposed to a flat rate, or pursuing grant funding.

Officials' Response: The loan will be paid off July 2023.

FINDING NUMBER 2020-004

Material Weakness

The Village offers sewage services to its residents for a flat rate. Tracking sheets are maintained which indicate the customer name, amount owed and amount paid for that month. The Village did not maintain supporting documents for amounts received or the amounts billed. There were no duplicate receipts or other support for the transactions. A copy of the deposit slips are imaged on the monthly bank statements which list all amounts collected and included the customers' last names, if paid by check. There was no indication that monthly utility receipts per the tracking sheets were reconciled with the monthly deposits per the bank statements. The Village minutes indicated that delinquent accounts existed, however records to support the delinquent accounts were not found. We also noted that late fees were applied from month to month, however without receipt documentation we could not determine which accounts were assessed the late fees. The customer tracking sheets maintained by the Fiscal Officer did not always indicate the means of payment (cash or check) or the date the amount was paid.

In a detailed test of tracing payments per tracking sheets to deposit tickets, we noted \$720 in 2020 and \$502 in 2019 is un-deposited cash and checks but total discrepancies between the tracking sheets and bank deposits of \$278 in 2020 and \$302 in 2019. The remaining \$442 in 2020 and \$200 in 2019 are believed to be errors in posting payments to the tracking sheets. As such, we were unable to satisfy ourselves as to the completeness of Charges for Services receipts in the Sewer Fund. The total discrepancies amounts represent 2.6% of Sewer Fund Charges for Services receipts in 2020 and 1.7% of Sewer Fund Charges for Services receipts in 2019.

Inadequate supporting documentation eliminates a significant control point, obscures the audit trail and provides for the opportunity for errors, fraud, and irregularities occurring and not being detected by management in a timely manner. These items also contributed to the Sewer Fund having a deficit balance of \$14,853 at December 31, 2020.

**VILLAGE OF CENTERVILLE
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2020-004 (Continued)

Material Weakness (Continued)

The Village should keep all documentation to support sewer collections, billings and delinquent accounts. The Village should maintain ledgers showing billed amounts, paid amounts, dates paid, and amounts due by customer for each month as well as keep deposit slips and issue duplicate receipts for all amounts paid. The Village should also timely reconcile monthly utility receipts to the amounts deposited into the bank and investigate any variances. The Village should consider using a utility computer software program.

Officials' Response: We have improved the record keeping and software update to reduce errors in sanitary sewer.

FINDING NUMBER 2020-005

Material Weakness

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The Fiscal Officer posted certain revenue and expenditure transactions incorrectly resulting in material audit adjustments.

For the year ended December 31, 2019:

- Prior period checks were marked cleared in the system instead of voided resulting in the beginning balance in the General Fund being understated by \$587 and the beginning balance in the Sewer Fund being understated by \$26.
- Prior period deposits in transit were marked cleared in the system instead of voided resulting in the beginning balance in the Sewer Fund being overstated by \$1,636.
- Certain receipts were recorded which did not clear resulting in the General Fund Miscellaneous receipts being overstated \$758 and Sewer Fund Charges for Services being overstated \$300. Certain bank fees were not recorded resulting in General Fund General Government disbursements being understated \$22.
- Statement No. 54 of the Governmental Accounting Standards Board (GASB) defines the reporting of fund balance on the financial statements and was codified as follows: GASB Cod. 1800.176 requires reporting amounts as assigned when subsequent appropriations exceed estimated receipts. The Village incorrectly reported the assigned portion of the General Fund's cash fund balance as unassigned in the amount of \$7,044.

The audited financial statements and the Village's UAN accounting system have been adjusted for the issues noted above.

VILLAGE OF CENTERVILLE
GALLIA COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2020 AND 2019
(Continued)

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

FINDING NUMBER 2020-005 (Continued)

Material Weakness (Continued)

The Village Fiscal Officer should review the Village Officer's Handbook for guidance on the correct line items to post various receipts and disbursements to ensure the financial statements are complete and accurate. The Fiscal officer should also review Auditor of State Bulletin 2011-004 for Statement No. 54 of the Governmental Accounting Standards Board (GASB) for proper recording of fund balances on the financial statements.

Officials' Response: The adjustments have been made, and the Fiscal Officer will refer to the Village Handbook to make future adjustments.

**VILLAGE OF CENTERVILLE
GALLIA COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2020 AND 2019**

Finding Number	Finding Summary	Status	Additional Information
2018-001	Noncompliance with Ohio Rev. Code § 5705.41(B) for expenditures plus encumbrances exceeding appropriations	Not Corrected	The Fiscal Officer will inform Council when we need to adjust appropriations.
2018-002	Noncompliance with Ohio Rev. Code § 5705.410(D) for unrecorded encumbrances	Fully Corrected	
2018-003	Material Weakness for approved budgetary amounts not agreeing to the UAN system	Not Corrected	The Fiscal Officer will add more reports to Council to monitor actual vs. budget.
2018-004	Material weakness for insufficient revenues to repay General Obligation Note – Sanitary Sewer portion	Not Corrected	The loan will be paid off July 2023.
2018-005	Material weakness for inadequate record keeping over utility receipts	Not Corrected	We have improved the record keeping and software update to reduce errors in sanitary sewer.
2018-006	Material weakness for cash reconciliation errors	Partially Corrected	
2018-007	Material weakness for accounting system mispostings	Not Corrected	The adjustments have been made, and the Fiscal Officer will refer to the Village Handbook to make future adjustments.

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF CENTERVILLE

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 12/15/2022

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www.ohioauditor.gov