



Mary Taylor, CPA
Auditor of State

VILLAGE OF CENTERBURG
KNOX COUNTY

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Village Council:

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, 2009, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

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, 2009, and the respective changes in cash financial position and the respective budgetary comparisons for the General, Street Construction, Maintenance and Repair, and Police Funds thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2010, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

September 17, 2010

**VILLAGE OF CENTERBURG
KNOX COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
UNAUDITED**

This discussion and analysis of the Village of Centerburg's (the Village) financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2009, 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 2009 are as follows:

Net assets of governmental activities increased \$34,308 or 9 percent, a modest change from the prior year. The fund most affected by the increase was the General Fund, which realized an increase in Municipal Income Tax receipts primarily due to construction of a new long term care facility.

The Village's general receipts are comprised primarily of property and income taxes. These receipts represent respectively 20 and 54 percent of the total cash received for governmental activities during the year.

The Water Operating Fund balance increased by \$50,822 during 2009, primarily from tap fees associated with the long term care facility. Despite a rate increase, the Sewer Operating Fund balance decreased by \$35,790, primarily due to increased debt costs associated with the development phase of the new wastewater treatment plant. A house and five acres of ground at the site of the future waste-water treatment plant property were sold to offset a portion of the construction costs.

The Village received FEMA funds for damage that resulted from Hurricane Ike. The funds were spent for repairs to the Village gazebo and for the removal of trees that were damaged.

The Village completed the Westside Waterline 12" Connector Project in 2009.

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.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Village 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.

**VILLAGE OF CENTERBURG
KNOX COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
UNAUDITED**

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 Village as a Whole

The statement of net assets and the statement of activities reflect how the Village did financially during 2009, within the limitations of cash basis accounting. The statement of net assets 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 nonfinancial 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.

In the statement of net assets and the statement of activities, we divide the Village into two types of activities:

Governmental activities: Most of the Village's basic services are reported here, including police, and street maintenance activity. 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 service and sewer service to the residents of the Village. Business-type activities are financed by a fee charged to the customers receiving the service.

**VILLAGE OF CENTERBURG
KNOX COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
UNAUDITED**

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 Government 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 General Fund, Street Construction Maintenance and Repair Fund, and Police Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide 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 three major enterprise funds, the water fund, sewer fund and Westside Water Fund. The Westside Water Fund accounts for the activity of the Westside Water 12" Connector Project. The major funds are presented on the financial statements in separate columns. The nonmajor funds (funds whose activity are not large enough to warrant separate reporting) are presented total in a single column.

**VILLAGE OF CENTERBURG
KNOX COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
UNAUDITED**

The Village as a Whole

Table 1 provides a summary of the Village's net assets for 2009 compared to 2008 on a cash basis:

(Table 1)

Net Assets

| | Governmental Activities | | Business-Type Activities | | Total | |
|---------------------------|-------------------------|-----------|--------------------------|-----------|-------------|-------------|
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| Assets | | | | | | |
| Cash and Cash Equivalents | \$409,702 | \$375,394 | \$682,046 | \$648,755 | \$1,091,748 | \$1,024,149 |
| Total Assets | \$409,702 | \$375,394 | \$682,046 | \$648,755 | \$1,091,748 | \$1,024,149 |
| Net Assets | | | | | | |
| Restricted for: | | | | | | |
| Capital Outlay | 51 | 52 | 0 | 0 | 51 | 52 |
| Other Purposes | 141,323 | 143,924 | 0 | 0 | 141,323 | 143,924 |
| Unrestricted | 268,328 | 231,418 | 682,046 | 648,755 | 950,374 | 880,173 |
| Total Net Assets | \$409,702 | \$375,394 | \$682,046 | \$648,755 | \$1,091,748 | \$1,024,149 |

As mentioned previously, net assets of governmental activities increased \$34,308 or 9 percent during 2009. The primary reason contributing to the increase in cash balances is as follows:

- Increase in Municipal Income Tax receipts due to completion of the Centerburg Pointe Long Term Care Facility, adding tax revenue from both the construction of the facility and the additional personnel hired upon completion of the facility.

Table 2 reflects the changes in net assets on a cash basis in 2009 and 2008 for governmental activities, business-type activities and total primary government.

**VILLAGE OF CENTERBURG
KNOX COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
UNAUDITED**

(Table 2)
Changes in Net Assets

| | Governmental Activities | | Business-Type Activities | | Total | |
|--|----------------------------|------------------|-----------------------------|------------------|--------------------|--------------------|
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| Receipts: | | | | | | |
| Program Receipts: | | | | | | |
| Charges for Services and Sales | \$5,605 | \$35,611 | \$559,725 | \$406,774 | \$565,330 | \$442,385 |
| Operating Grants and Contributions | 62,065 | 65,499 | 0 | 0 | 62,065 | 65,499 |
| Capital Grants and Contributions | 0 | 0 | 175,947 | 0 | 175,947 | 0 |
| Total Program Receipts | 67,670 | 101,110 | 735,672 | 406,774 | 803,342 | 507,884 |
| General Receipts: | | | | | | |
| Property and Other Local Taxes | 126,638 | 120,843 | 0 | 0 | 126,638 | 120,843 |
| Income Taxes | 339,820 | 315,986 | 0 | 0 | 339,820 | 315,986 |
| Grants and Entitlements Not Restricted to Specific Programs | 70,886 | 56,773 | 0 | 0 | 70,886 | 56,773 |
| Interest | 3,965 | 17,952 | 0 | 0 | 3,965 | 17,952 |
| Debt Proceeds | 0 | 0 | 121,115 | 265,000 | 121,115 | 265,000 |
| Miscellaneous | 16,777 | 14,642 | 12,695 | 5,322 | 29,472 | 19,964 |
| Sale of Fixed Assets | 0 | 0 | 155,000 | 0 | 155,000 | 0 |
| Total General Receipts | 558,086 | 526,196 | 288,810 | 270,322 | 846,896 | 796,518 |
| Total Receipts | 625,756 | 627,306 | 1,024,482 | 677,096 | 1,650,238 | 1,304,402 |
| Disbursements: | | | | | | |
| General Government | 211,904 | 241,405 | 0 | 0 | 211,904 | 241,405 |
| Security of Persons and Property: | 183,336 | 203,521 | 0 | 0 | 183,336 | 203,521 |
| Public Health Services | 110 | 110 | 0 | 0 | 110 | 110 |
| Community Environment | 18,766 | 32,437 | 0 | 0 | 18,766 | 32,437 |
| Basic Utilities | 1,980 | 0 | 0 | 0 | 1,980 | 0 |
| Transportation | 152,970 | 119,489 | 0 | 0 | 152,970 | 119,489 |
| Principal Retirement | 10,793 | 10,413 | 0 | 0 | 10,793 | 10,413 |
| Interest and Fiscal Charges | 2,591 | 2,969 | 0 | 0 | 2,591 | 2,969 |
| Other | 0 | 726 | 0 | 0 | 0 | 726 |
| Water | 0 | 0 | 553,617 | 200,377 | 553,617 | 200,377 |
| Sewer | 0 | 0 | 446,572 | 589,636 | 446,572 | 589,636 |
| Total Disbursements | 582,450 | 611,070 | 1,000,189 | 790,013 | 1,582,639 | 1,401,083 |
| Excess (Deficiency) Before Transfers | 43,306 | 16,236 | 24,293 | (112,917) | 67,599 | (96,681) |
| Transfers | (8,998) | (27,466) | 8,998 | 27,466 | 0 | 0 |
| Increase (Decrease) in Net Assets | 34,308 | (11,230) | 33,291 | (85,451) | 67,599 | (96,681) |
| Net Assets, January 1, 2009 | 375,394 | 386,624 | 648,755 | 734,206 | 1,024,149 | 1,120,830 |
| Net Assets, December 31, 2009 | \$409,702 | \$375,394 | \$682,046 | \$648,755 | \$1,091,748 | \$1,024,149 |

Program receipts represent only 11 percent of total governmental receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money.

Program receipts for business-type activities equal 72 percent of total business-type activity receipts and represent receipts collected for water and sewer services provided to Village residents, as well as an intergovernmental grant related to the Westside Water Project.

General receipts represent 89 percent of the total governmental activities. Of this amount, 84 percent are property and local taxes and 16 percent are general receipts such as homestead and rollback, local government, and federal grant monies received for Hurricane Ike costs.

**VILLAGE OF CENTERBURG
KNOX COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
UNAUDITED**

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 Department; Public Health Service costs are fees paid to the Knox County Health Department; and Transportation is the cost of maintaining the roads.

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, and for Security of Persons, which account for 36 percent and 31 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 2009 | Net Cost of Services 2009 | Total Cost of Services 2008 | Net Cost of Services 2008 |
|----------------------------------|-----------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| General Government | \$211,905 | \$208,755 | \$241,405 | \$236,760 |
| Security of Persons and Property | 183,336 | 183,336 | 203,521 | 203,521 |
| Public Health Services | 110 | 110 | 110 | 110 |
| Community Environment | 18,766 | 16,311 | 32,437 | 1,470 |
| Basic Utilities | 1,980 | 1,980 | 0 | 0 |
| Transportation | 152,970 | 90,905 | 119,489 | 53,990 |
| Other | 0 | 0 | 726 | 726 |
| Principal Retirement | 10,793 | 10,793 | 10,413 | 10,413 |
| Interest and Fiscal Charges | 2,591 | 2,591 | 2,969 | 2,969 |
| Total Expenses | \$582,451 | \$514,781 | \$611,070 | \$509,959 |

The dependence upon property and income tax receipts is apparent as over 88 percent of governmental activities are supported through these general receipts.

Business-type Activities

The Water and Sewer operations of the Village represent 62 percent of the total Village funds. The Village sold a portion of the Lock Road property that was purchased in 2008, resulting in a \$155,000 sale of an asset. This sale will offset a portion of the cost of the new Wastewater Treatment Plant. The Village also received grant proceeds in the amount of \$173,200 from the Ohio Public Works Commission related to the Westside Waterline 12" Connector Project.

**VILLAGE OF CENTERBURG
KNOX COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
UNAUDITED**

The Village's Funds

Total governmental funds had receipts of \$625,850 and disbursements of \$591,542. The fund balance for the General Fund increased \$36,909, primarily due to an increase in municipal income tax receipts.

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 2009, the Village amended its General Fund budget several times to reflect changing circumstances. Final receipts were above original budgeted receipts due to increased municipal tax receipts and FEMA funds for costs associated with Hurricane Ike.

Final disbursements were \$428,133 with budgeted amounts totaling \$545,721. The Village kept a close watch on expenses throughout the year. The largest expenses from the General Fund were for personnel and contract services with the Knox County Sheriff's Department.

Debt Administration

At December 31, 2009, the Village's outstanding debt was \$456,617 incurred for OWDA and OPWC loans issued for improvements to the sewer infrastructure. This includes a new loan in 2009 for \$121,115 from OPWC for the Westside Waterline 12" Connector Project. Additional debt consists of two notes payable to First Knox National Bank. The first one is for improvements to the Village Town Hall and has an outstanding balance of \$60,170. The second is for the purchase of land for the sewer plant and has an outstanding balance of \$108,145. See note 10 to the basic financial statements.

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. We continue to monitor the Village's receipts and disbursements for 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 St. Drawer D, Centerburg, OH 43011 or via e-mail to clerk@centerburgoh.org.

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**VILLAGE OF CENTERBURG
KNOX COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2009**

| | <u>Governmental Activities - Total</u> | <u>Business - Type Activities</u> | <u>Total</u> |
|--|--|---------------------------------------|-----------------------|
| Assets | | | |
| Equity in Pooled Cash and Cash Equivalents | \$409,701.72 | \$682,045.83 | \$1,091,747.55 |
| <i>Total Assets</i> | <u>\$409,701.72</u> | <u>\$682,045.83</u> | <u>\$1,091,747.55</u> |
| Net Assets | | | |
| Restricted for: | | | |
| Capital Projects | \$51.48 | \$0.00 | \$51.48 |
| Other Purposes | 141,322.78 | 0.00 | \$141,322.78 |
| Unrestricted | <u>268,327.46</u> | <u>682,045.83</u> | <u>\$950,373.29</u> |
| <i>Total Net Assets</i> | <u>\$409,701.72</u> | <u>\$682,045.83</u> | <u>\$1,091,747.55</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, 2009**

| | Program Cash Receipts | | | | Net (Disbursements) Receipts and Changes in Net Assets | | |
|---|-----------------------|--------------------------------------|--|--|---|--------------------------------------|-----------------------|
| | Cash Disbursements | Charges for Services and Sales | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities Original | Business-Type Activities Total | Total |
| Governmental Activities | | | | | | | |
| Security of Persons and Property | \$183,336.20 | \$0.00 | \$0.00 | \$0.00 | (\$183,336.20) | \$0.00 | (\$183,336.20) |
| Public Health Services | 110.00 | 0.00 | 0.00 | 0.00 | (110.00) | 0.00 | (110.00) |
| Community Environment | 18,766.09 | 2,455.40 | 0.00 | 0.00 | (16,310.69) | 0.00 | (16,310.69) |
| Basic Utility Services | 1,980.00 | 0.00 | 0.00 | 0.00 | (1,980.00) | 0.00 | (1,980.00) |
| Transportation | 152,969.98 | 0.00 | 62,064.52 | 0.00 | (90,905.46) | 0.00 | (90,905.46) |
| General Government | 211,905.21 | 3,150.00 | 0.00 | 0.00 | (208,755.21) | 0.00 | (208,755.21) |
| Debt Service: | | | | | | | |
| Principal | 10,793.04 | 0.00 | 0.00 | 0.00 | (10,793.04) | 0.00 | (10,793.04) |
| Interest | 2,591.00 | 0.00 | 0.00 | 0.00 | (2,591.00) | 0.00 | (2,591.00) |
| <i>Total Governmental Activities</i> | <u>582,451.52</u> | <u>5,605.40</u> | <u>62,064.52</u> | <u>0.00</u> | <u>(514,781.60)</u> | <u>0.00</u> | <u>(514,781.60)</u> |
| Business Type Activities | | | | | | | |
| Water Operating | 553,616.84 | 307,090.64 | 0.00 | 175,153.00 | 0.00 | (71,373.20) | (71,373.20) |
| Sewer Operating | 446,571.63 | 252,634.26 | 0.00 | 794.00 | 0.00 | (193,143.37) | (193,143.37) |
| <i>Total Business Type Activities</i> | <u>1,000,188.47</u> | <u>559,724.90</u> | <u>0.00</u> | <u>175,947.00</u> | <u>0.00</u> | <u>(264,516.57)</u> | <u>(264,516.57)</u> |
| <i>Total Primary Government</i> | <u>\$1,582,639.99</u> | <u>\$565,330.30</u> | <u>\$62,064.52</u> | <u>\$175,947.00</u> | <u>(\$514,781.60)</u> | <u>(\$264,516.57)</u> | <u>(\$779,298.17)</u> |
| General Receipts | | | | | | | |
| Property Taxes Levied for: | | | | | | | |
| General Operating | | | | | \$57,021.31 | \$0.00 | \$57,021.31 |
| Police Fund | | | | | 69,616.73 | 0.00 | 69,616.73 |
| Municipal Income Taxes | | | | | 339,820.41 | 0.00 | 339,820.41 |
| Grants and Entitlements not Restricted to Specific Programs | | | | | 70,885.74 | 0.00 | 70,885.74 |
| Other Debt Proceeds | | | | | 0.00 | 121,115.00 | 121,115.00 |
| Sale of Fixed Assets | | | | | 0.00 | 155,000.00 | 155,000.00 |
| Earnings on Investments | | | | | 3,965.44 | 0.00 | 3,965.44 |
| Miscellaneous | | | | | 16,777.26 | 12,694.98 | 29,472.24 |
| <i>Total General Receipts</i> | | | | | <u>558,086.89</u> | <u>288,809.98</u> | <u>846,896.87</u> |
| Transfers | | | | | <u>(8,997.59)</u> | <u>8,997.59</u> | <u>0.00</u> |
| <i>Total General Receipts, and Transfers</i> | | | | | <u>549,089.30</u> | <u>297,807.57</u> | <u>846,896.87</u> |
| Change in Net Assets | | | | | 34,307.70 | 33,291.00 | 67,598.70 |
| <i>Net Assets Beginning of Year</i> | | | | | <u>375,394.02</u> | <u>648,754.83</u> | <u>1,024,148.85</u> |
| <i>Net Assets End of Year</i> | | | | | <u>\$409,701.72</u> | <u>\$682,045.83</u> | <u>\$1,091,747.55</u> |

See accompanying notes to the basic financial statements

VILLAGE OF CENTERBURG
KNOX COUNTY

STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2009

| | GENERAL | STREET CONST. MAINT.REP. | POLICE FUND | OTHER GOVERNMENTAL FUNDS | TOTAL GOVERNMENTAL FUNDS |
|--|---------------------|--------------------------------|--------------------|--------------------------------|--------------------------------|
| Assets | | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$268,327.46 | \$68,122.58 | \$37,792.24 | \$35,319.32 | \$409,561.60 |
| <i>Total Assets</i> | <u>\$268,327.46</u> | <u>\$68,122.58</u> | <u>\$37,792.24</u> | <u>\$35,319.32</u> | <u>\$409,561.60</u> |
| Fund Balances | | | | | |
| Reserved: | | | | | |
| Reserved for Encumbrances | \$442.17 | \$0.00 | \$0.00 | \$0.00 | \$442.17 |
| Unreserved: | | | | | |
| Undesignated (Deficit), Reported in: | | | | | |
| General Fund | 267,885.29 | 0.00 | 0.00 | 0.00 | 267,885.29 |
| Special Revenue Funds | 0.00 | 68,122.58 | 37,792.24 | 35,267.84 | 141,182.66 |
| Capital Projects Funds | 0.00 | 0.00 | 0.00 | 51.48 | 51.48 |
| <i>Total Fund Balances</i> | <u>\$268,327.46</u> | <u>\$68,122.58</u> | <u>\$37,792.24</u> | <u>\$35,319.32</u> | <u>\$409,561.60</u> |

See accompanying notes to the basic financial statements

VILLAGE OF CENTERBURG
KNOX COUNTY

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009**

| | GENERAL | STREET CONST. MAINT.REP. ORIGINAL | POLICE FUND | OTHER GOVERNMENTAL FUNDS | TOTAL GOVERNMENTAL FUNDS |
|--|---------------------|--|--------------------|--------------------------------|--------------------------------|
| Receipts | | | | | |
| Property and Other Local Taxes | \$53,434.43 | \$0.00 | \$69,616.73 | \$0.00 | \$123,051.16 |
| Municipal Income Taxes | 339,820.41 | 0.00 | 0.00 | 0.00 | 339,820.41 |
| Intergovernmental | 45,559.66 | 59,338.06 | 6,745.08 | 24,894.34 | 136,537.14 |
| Fines, Licenses and Permits | 18,275.52 | 0.00 | 0.00 | 0.00 | 18,275.52 |
| Earnings on Investments | 3,624.08 | 201.24 | 0.00 | 0.00 | 3,825.32 |
| Miscellaneous | 3,882.29 | 220.85 | 0.00 | 0.00 | 4,103.14 |
| Total Receipts | 464,596.39 | 59,760.15 | 76,361.81 | 24,894.34 | 625,612.69 |
| Disbursements | | | | | |
| Current: | | | | | |
| Security of Persons and Property | 99,206.53 | 0.00 | 81,000.00 | 3,129.67 | 183,336.20 |
| Public Health Services | 110.00 | 0.00 | 0.00 | 0.00 | 110.00 |
| Community Environment | 18,766.09 | 0.00 | 0.00 | 0.00 | 18,766.09 |
| Basic Utility Services | 0.00 | 0.00 | 0.00 | 1,980.00 | 1,980.00 |
| Transportation | 87,710.19 | 52,244.86 | 0.00 | 13,014.93 | 152,969.98 |
| General Government | 199,424.21 | 0.00 | 830.00 | 11,651.00 | 211,905.21 |
| Debt Service: | | | | | |
| Principal Retirement | 10,793.04 | 0.00 | 0.00 | 0.00 | 10,793.04 |
| Interest and Fiscal Charges | 2,591.00 | 0.00 | 0.00 | 0.00 | 2,591.00 |
| Total Disbursements | 418,601.06 | 52,244.86 | 81,830.00 | 29,775.60 | 582,451.52 |
| Excess of Receipts Over (Under) Disbursements | 45,995.33 | 7,515.29 | (5,468.19) | (4,881.26) | 43,161.17 |
| Transfers In | 0.00 | 0.00 | 92.75 | 0.00 | 92.75 |
| Transfers Out | (9,090.34) | 0.00 | 0.00 | 0.00 | (9,090.34) |
| Other Financing Sources | 4.00 | 0.00 | 0.00 | 0.00 | 4.00 |
| Total Other Financing Sources (Uses) | (9,086.34) | 0.00 | 92.75 | 0.00 | (8,993.59) |
| Net Change in Fund Balances | 36,908.99 | 7,515.29 | (5,375.44) | (4,881.26) | 34,167.58 |
| Fund Balances Beginning of Year | 231,418.47 | 60,607.29 | 43,167.68 | 40,200.58 | 375,394.02 |
| Fund Balances End of Year | \$268,327.46 | \$68,122.58 | \$37,792.24 | \$35,319.32 | \$409,561.60 |

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, 2009**

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--|-------------------------|---------------------|---------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Receipts | | | | |
| Property and Other Local Taxes | \$52,402.00 | \$52,402.00 | \$53,434.43 | \$1,032.43 |
| Municipal Income Taxes | 300,000.00 | 300,000.00 | 339,820.41 | 39,820.41 |
| Intergovernmental | 53,101.00 | 53,101.00 | 45,559.66 | (7,541.34) |
| Charges for Services | 5,555.00 | 5,555.00 | 0.00 | (5,555.00) |
| Fines, Licenses and Permits | 14,645.00 | 14,645.00 | 18,275.52 | 3,630.52 |
| Earnings on Investments | 5,100.00 | 5,100.00 | 3,624.08 | (1,475.92) |
| Miscellaneous | 17,170.00 | 17,170.00 | 3,882.29 | (13,287.71) |
| <i>Total receipts</i> | <u>447,973.00</u> | <u>447,973.00</u> | <u>464,596.39</u> | <u>16,623.39</u> |
| Disbursements | | | | |
| Current: | | | | |
| Security of Persons and Property | 111,000.00 | 103,000.00 | 99,206.53 | 3,793.47 |
| Public Health Services | 114.00 | 114.00 | 110.00 | 4.00 |
| Community Environment | 25,000.00 | 24,730.63 | 18,766.09 | 5,964.54 |
| Transportation | 103,755.00 | 111,755.20 | 87,710.19 | 24,045.01 |
| General Government | 275,967.17 | 276,236.34 | 199,866.38 | 76,369.96 |
| Debt Service: | | | | |
| Principal Retirement | 10,794.00 | 10,794.00 | 10,793.04 | 0.96 |
| Interest and Fiscal Charges | 2,591.00 | 2,591.00 | 2,591.00 | 0.00 |
| <i>Total Disbursements</i> | <u>529,221.17</u> | <u>529,221.17</u> | <u>419,043.23</u> | <u>110,177.94</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>(81,248.17)</u> | <u>(81,248.17)</u> | <u>45,553.16</u> | <u>126,801.33</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers Out | (16,500.00) | (16,500.00) | (9,090.34) | 7,409.66 |
| Other Financing Sources | 0.00 | 0.00 | 4.00 | 4.00 |
| <i>Total Other Financing Sources (Uses)</i> | <u>(16,500.00)</u> | <u>(16,500.00)</u> | <u>(9,086.34)</u> | <u>7,413.66</u> |
| <i>Net Change in Fund Balance</i> | (97,748.17) | (97,748.17) | 36,466.82 | 134,214.99 |
| <i>Fund Balance Beginning of Year</i> | 230,976.30 | 230,976.30 | 230,976.30 | 0.00 |
| Prior Year Encumbrances Appropriated | 442.17 | 442.17 | 442.17 | 0.00 |
| <i>Unencumbered Cash Balance End of Year</i> | <u>\$133,670.30</u> | <u>\$133,670.30</u> | <u>\$267,885.29</u> | <u>\$134,214.99</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
STREET MAINTENANCE AND REPAIR FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|-------------------------|--------------------|--------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Receipts | | | | |
| Intergovernmental | \$58,580.00 | \$58,580.00 | \$59,338.06 | \$758.06 |
| Earnings on Investments | 800.00 | 800.00 | 201.24 | (598.76) |
| Miscellaneous | 0.00 | 0.00 | 220.85 | 220.85 |
| <i>Total receipts</i> | <u>59,380.00</u> | <u>59,380.00</u> | <u>59,760.15</u> | <u>380.15</u> |
| Disbursements | | | | |
| Current: | | | | |
| Transportation | <u>63,654.00</u> | <u>63,654.00</u> | <u>52,244.86</u> | <u>11,409.14</u> |
| <i>Total Disbursements</i> | <u>63,654.00</u> | <u>63,654.00</u> | <u>52,244.86</u> | <u>11,409.14</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>(4,274.00)</u> | <u>(4,274.00)</u> | <u>7,515.29</u> | <u>11,789.29</u> |
| <i>Net Change in Fund Balance</i> | (4,274.00) | (4,274.00) | 7,515.29 | 11,789.29 |
| <i>Fund Balance Beginning of Year</i> | <u>60,607.20</u> | <u>60,607.20</u> | <u>60,607.20</u> | <u>0.00</u> |
| <i>Fund Balance End of Year</i> | <u>\$56,333.20</u> | <u>\$56,333.20</u> | <u>\$68,122.49</u> | <u>\$11,789.29</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 FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|-------------------------|--------------------|---------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Receipts | | | | |
| Property and Other Local Taxes | \$71,912.00 | \$71,912.00 | \$69,616.73 | (\$2,295.27) |
| Intergovernmental | 8,080.00 | 8,080.00 | 6,745.08 | (1,334.92) |
| Earnings on Investments | 600.00 | 600.00 | 0.00 | (600.00) |
| <i>Total receipts</i> | <u>80,592.00</u> | <u>80,592.00</u> | <u>76,361.81</u> | <u>(4,230.19)</u> |
| Disbursements | | | | |
| Current: | | | | |
| Security of Persons and Property | 81,000.00 | 81,000.00 | 81,000.00 | 0.00 |
| General Government | 830.00 | 830.00 | 830.00 | 0.00 |
| <i>Total Disbursements</i> | <u>81,830.00</u> | <u>81,830.00</u> | <u>81,830.00</u> | <u>0.00</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>(1,238.00)</u> | <u>(1,238.00)</u> | <u>(5,468.19)</u> | <u>(4,230.19)</u> |
| Other Financing Sources | | | | |
| Transfers In | 0.00 | 0.00 | 92.75 | 92.75 |
| <i>Net Change in Fund Balance</i> | (1,238.00) | (1,238.00) | (5,375.44) | (4,137.44) |
| Fund Balance Beginning of Year | 43,167.63 | 43,167.63 | 43,167.63 | 0.00 |
| <i>Fund Balance End of Year</i> | <u>\$41,929.63</u> | <u>\$41,929.63</u> | <u>\$ 37,792.19</u> | <u>(\$4,137.44)</u> |

See accompanying notes to the basic financial statements

VILLAGE OF CENTERBURG
KNOX COUNTY

STATEMENT OF FUND NET ASSETS - CASH BASIS
PROPRIETARY FUNDS
DECEMBER 31, 2009

| | <u>WATER OPERATING</u> | <u>SEWER OPERATING</u> | <u>WESTSIDE WATER</u> | <u>NONMAJOR ENTERPRISE FUNDS</u> | <u>TOTAL ENTERPRISE FUNDS</u> |
|--|----------------------------|----------------------------|---------------------------|--|---------------------------------------|
| Assets | | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$268,911.88 | \$389,302.20 | \$10,588.00 | \$13,243.75 | \$682,045.83 |
| <i>Total Assets</i> | <u>268,911.88</u> | <u>389,302.20</u> | <u>10,588.00</u> | <u>13,243.75</u> | <u>682,045.83</u> |
| Net Assets | | | | | |
| Unrestricted | <u>268,911.88</u> | <u>389,302.20</u> | <u>10,588.00</u> | <u>13,243.75</u> | <u>682,045.83</u> |
| <i>Total Net Assets</i> | <u>\$268,911.88</u> | <u>\$389,302.20</u> | <u>\$10,588.00</u> | <u>\$13,243.75</u> | <u>\$682,045.83</u> |

See accompanying notes to the basic financial statements

VILLAGE OF CENTERBURG
KNOX COUNTY

STATEMENT OF CASH RECEIPTS,
DISBURSEMENTS AND CHANGES IN FUND NET ASSETS - CASH BASIS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009

| | WATER OPERATING TOTAL | SEWER OPERATING TOTAL | WESTSIDE WATER TOTAL | OTHER ENTERPRISE FUNDS TOTAL | TOTAL ENTERPRISE FUNDS |
|---|-----------------------------|-----------------------------|----------------------------|---------------------------------------|------------------------------|
| Operating Receipts | | | | | |
| Charges for Services | \$184,082.64 | \$252,634.26 | \$0.00 | \$0.00 | \$436,716.90 |
| Tap-in Fees | 123,008.00 | 0.00 | 0.00 | 0.00 | 123,008.00 |
| <i>Total Operating Receipts</i> | <u>307,090.64</u> | <u>252,634.26</u> | <u>0.00</u> | <u>0.00</u> | <u>559,724.90</u> |
| Operating Disbursements | | | | | |
| Personal Services | 66,810.82 | 69,973.10 | 0.00 | 0.00 | 136,783.92 |
| Employee Fringe Benefits | 19,540.30 | 19,083.55 | 0.00 | 0.00 | 38,623.85 |
| Contractual Services | 47,037.44 | 72,489.74 | 0.00 | 0.00 | 119,527.18 |
| Supplies and Materials | 18,051.17 | 22,121.26 | 0.00 | 0.00 | 40,172.43 |
| Other | 0.00 | 5,485.93 | 1,820.33 | 845.44 | 8,151.70 |
| <i>Total Operating Disbursements</i> | <u>151,439.73</u> | <u>189,153.58</u> | <u>1,820.33</u> | <u>845.44</u> | <u>343,259.08</u> |
| <i>Operating Income (Loss)</i> | <u>155,650.91</u> | <u>63,480.68</u> | <u>(1,820.33)</u> | <u>(845.44)</u> | <u>216,465.82</u> |
| Non-Operating Receipts (Disbursements) | | | | | |
| Intergovernmental | 1,953.00 | 794.00 | 173,200.00 | 0.00 | 175,947.00 |
| Other Debt Proceeds | 0.00 | 0.00 | 121,115.00 | 0.00 | 121,115.00 |
| Sale of Fixed Assets | 0.00 | 155,000.00 | 0.00 | 0.00 | 155,000.00 |
| Miscellaneous Receipts | 3,302.56 | 876.57 | 0.00 | 8,515.85 | 12,694.98 |
| Capital Outlay | (111,067.27) | (16,137.47) | (288,444.07) | 0.00 | (415,648.81) |
| Principal Payments | 0.00 | (207,391.26) | 0.00 | 0.00 | (207,391.26) |
| Interest and Fiscal Charges | 0.00 | (33,889.32) | 0.00 | 0.00 | (33,889.32) |
| <i>Total Non-Operating Receipts (Disbursements)</i> | <u>(105,811.71)</u> | <u>(100,747.48)</u> | <u>5,870.93</u> | <u>8,515.85</u> | <u>(192,172.41)</u> |
| <i>Income (Loss) before Transfers</i> | <u>49,839.20</u> | <u>(37,266.80)</u> | <u>4,050.60</u> | <u>7,670.41</u> | <u>24,293.41</u> |
| Transfers In | 983.17 | 1,477.02 | 6,537.40 | 0.00 | 8,997.59 |
| <i>Change in Net Assets</i> | <u>50,822.37</u> | <u>(35,789.78)</u> | <u>10,588.00</u> | <u>7,670.41</u> | <u>33,291.00</u> |
| <i>Net Assets Beginning of Year</i> | <u>218,089.51</u> | <u>425,091.98</u> | <u>0.00</u> | <u>5,573.34</u> | <u>648,754.83</u> |
| <i>Net Assets End of Year</i> | <u>\$268,911.88</u> | <u>\$389,302.20</u> | <u>\$10,588.00</u> | <u>\$13,243.75</u> | <u>\$682,045.83</u> |

See accompanying notes to the basic financial statements

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**VILLAGE OF CENTERBURG
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

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 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 roads and bridges, 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 Organization and Risk Pool

As detailed in Notes 7 and 13, the Village participates in the Ohio Government Risk Management Plan, a public entity risk pool, and the Central Ohio Joint Fire District, a jointly governed organization.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 – Summary of Significant Accounting Policies

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. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Village does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. Following are the more significant of the Village's accounting policies.

**VILLAGE OF CENTERBURG
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Note 2 – Summary of Significant Accounting Policies (continued)

A. Basis of Presentation

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

Government-Wide Financial Statements

The statement of net assets 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 assets 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 nonoperating 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, Street Construction Maintenance and Repair Fund, and Police Fund.

**VILLAGE OF CENTERBURG
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Note 2 – Summary of Significant Accounting Policies (continued)

B. Fund Accounting (Continued)

Governmental Funds (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 Street Construction Maintenance and Repaid Fund receives gasoline tax and motor vehicle tax money for repairing and maintaining Village streets. The Police Levy Fund receives property tax revenue to pay for contracted police services through the Knox County Sheriff's Department. 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 either enterprise or internal service.

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, Sewer Fund, and Westside Water Fund. The Village also has a non-major Enterprise Fund, the Enterprise Improvement Fund that is used for improvements to the Water and Sewer lines.

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.

Westside Water – The Westside Water fund accounts for the resources and activity of the Westside connector project.

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.

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.

**VILLAGE OF CENTERBURG
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Note 2 – Summary of Significant Accounting Policies (continued)

D. Budgetary Process (Continued)

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.

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 2009, 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 2009 were \$3,624.

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 postretirement 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.

**VILLAGE OF CENTERBURG
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Note 2 – Summary of Significant Accounting Policies (continued)

I. Net Assets

Net assets are 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 assets restricted for other purposes include resources restricted for the Street Construction Maintenance and Repair Fund, used for road maintenance projects and the Police Levy Fund, used to provide police services to the Village.

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 Reserves

The Village reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

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.

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, Street Construction Maintenance and Repair, 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 a reservation of fund balance (cash basis). The encumbrances outstanding at year end (Budgetary basis) amounted to \$442 for the General Fund.

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.

**VILLAGE OF CENTERBURG
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Note 4 - Deposits and Investments (continued)

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.

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, 2009 carrying value of all deposits was \$1,091,748. Based on the criteria described in GASB Statement No. 40, "*Deposits and Investment Risk Disclosures*", as of December 31, 2009 \$945,901 of the Village's bank balance of \$1,195,901 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.

**VILLAGE OF CENTERBURG
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Note 4 - Deposits and Investments (continued)

Deposits (Continued)

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.

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% 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 fifty percent of the one 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 2009 for real and public utility property taxes represents collection of the 2008 taxes. Real property tax receipts received during 2009 for tangible personal property (other than public utility property) are for 2008 taxes. Property taxes are levied after October 1, 2008 on the assessed values as of January 1, 2008, 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 2009 represent the collection of 2008 taxes. Public utility real and tangible personal property taxes received in 2009 became a lien on December 31, 2008 were levied after October 1, 2008 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.

Tangible personal property taxes are levied after October 1, 2008, on the value as of December 31, 2008. Collections are made in 2009. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2008 was 12.5 percent. This will be reduced to 6.25 percent for 2008, and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 3, with the remainder due September 20.

**VILLAGE OF CENTERBURG
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Note 6 – Property Taxes (continued)

The full tax rate for all Village operations for the year ended December 31, 2009 was \$8.60 per \$1,000 of assessed value. The assessed values of real and personal property upon which 2009 property tax receipts were based are as follows:

| | |
|-------------------------------|---------------------|
| Real Property | |
| Residential | \$17,744,360 |
| Agricultural | 79,490 |
| Commercial/Industrial/Mineral | 4,081,380 |
| Public Utility | 502,500 |
| Total Assessed Values | <u>\$22,407,730</u> |

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 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. These coverage programs, referred to as Ohio Plan Risk management ("OPRM"), 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 retain 15% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had over 650 members as of December 31, 2008.

In August, 2007, OGRMP formed the Ohio Plan Healthcare Consortium ("OPHC"), as authorized by Section 9.833 of the Ohio Revised Code. The OPHC was established to provide cost effective employee benefit programs for Ohio political sub-divisions and is a self-funded, group purchasing consortium that offers medical, dental, vision and prescription drug coverage as well as life insurance for its members. The OPHC is sold through seventeen appointed independent agents in the State of Ohio. Coverage programs are developed specific to each member's healthcare needs and the related premiums for coverage are determined through the application of uniform underwriting criteria. Variable plan options are available to members. These plans vary primarily by deductibles, coinsurance levels, office visit co-pays and out-of-pocket maximums. OPHC had 40 members as of December 31, 2008.

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.

**VILLAGE OF CENTERBURG
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Note 7 – Risk Management (continued)

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 retained earnings at December 31: 2008 and 2007 (the latest information available) and include amounts for both OPRRM and OPHC:

| | 2008 | 2007 |
|-----------------|---------------------|---------------------|
| Assets | \$10,471,114 | \$11,136,455 |
| Liabilities | <u>(5,286,781)</u> | <u>(4,273,553)</u> |
| Members' Equity | <u>\$ 5,184,333</u> | <u>\$ 6,862,902</u> |

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, www.ohioplan.org.

Note 8 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional 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 that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional 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, 2009, members in state and local classification contributed 10 percent of covered payroll.

The Village's contribution rate for 2009 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, 2009, 2008, and 2007 were \$36,017, \$31,727, and \$28,942 respectively.

**VILLAGE OF CENTERBURG
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Note 9 – Post-employment Benefits

Ohio Public Employees Retirement System

Plan Description- OPERS maintains a cost-sharing multiple-employer defined benefit postemployment 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 postemployment healthcare. The plan includes a medical plan, a prescription drug program and medicare Part B premium reimbursement.

To qualify for postemployment healthcare, age and service retirees under the traditional and combines plans must have ten years or more 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 eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

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

The postemployment healthcare plan was established under and is administered in accordance with, Internal Revenue Code 401 (h). State statute requires that public employers fund postemployment healthcare through contributions to OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postemployment healthcare.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2009, local government employers contributed 14.00 percent of covered payroll. Each year, The OPERS retirement board determines the portion of the employer contribution that will be set aside for funding postemployment healthcare benefits. The portion of employer contributions allocated to health care was 7.00% from January 1 through March 31, 2009 and 5.5% from April 1 through December 31, 2009.

The retirement board is also authorized to establish rules for the payment of a portion of the healthcare benefit by the retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and selected coverage.

The Village's contributions allocated to fund postemployment healthcare benefits for the years ended December 31, 2009, 2008 and 2007 were \$16,080, \$15,864, and \$11,493, respectively; 100 percent has been contributed for 2009, 2008, and 2007.

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 for state and local employers 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 January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

**VILLAGE OF CENTERBURG
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Note 10 - Debt

The Village's long-term debt activity for the year ended December 31, 2009, was as follows:

| | Interest Rate | Balance December 31, 2008 | Additions | Reductions | Balance December 31, 2009 | Due Within One Year |
|-----------------------------------|------------------|---------------------------------|-------------------|------------------|---------------------------------|------------------------|
| <u>Government-type Activities</u> | | | | | | |
| Town Hall Renovation | 3.65% | \$ 70,963 | \$ 0 | \$ 10,793 | \$ 60,170 | \$ 11,187 |
| Total Government-type Activities | | <u>\$ 70,963</u> | <u>\$ -</u> | <u>\$ 10,793</u> | <u>\$ 60,170</u> | <u>\$ 11,187</u> |
| <u>Business-type Activities</u> | | | | | | |
| OWDA Sewer Loan | 8.35% | \$ 283,594 | \$ 0 | \$ 42,809 | \$ 240,785 | \$ 46,384 |
| OPWC Sewer Lines | 0% | 87,528 | 0 | 6,733 | \$ 80,795 | 6,734 |
| OPWC Willis Street Project | 0% | 14,916 | 0 | 994 | \$ 13,922 | 994 |
| OPWC Westside Waterline | 0% | 0 | 121,115 | 0 | \$ 121,115 | 6,056 |
| Lock Road Project | 5.16% | 265,000 | 0 | 156,855 | \$ 108,145 | 19,484 |
| Total Business-type Activities | | <u>\$ 386,038</u> | <u>\$ 121,115</u> | <u>\$ 50,536</u> | <u>\$ 456,617</u> | <u>\$ 60,168</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 is backed by the full faith and credit of the Village and matures as indicated below.

| Town Hall Renovation Note | | |
|---------------------------|------------------|-----------------|
| Year | Principal | Interest |
| 2010 | \$ 11,187 | \$ 2,196 |
| 2011 | 11,595 | 1,787 |
| 2012 | 12,019 | 1,365 |
| 2013 | 12,457 | 925 |
| 2014 | 12,912 | 471 |
| Totals | <u>\$ 60,170</u> | <u>\$ 6,744</u> |

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, 2009
(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 twenty 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 twenty years.

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

| Year | OWDA Loan | | OPWC Loans |
|-------------|-------------------|------------------|-------------------|
| | Principal | Interest | Principal |
| 2010 | \$ 46,384 | \$ 20,106 | \$ 13,784 |
| 2011 | 50,257 | 16,233 | 13,784 |
| 2012 | 54,453 | 12,036 | 13,784 |
| 2013 | 59,000 | 7,489 | 13,784 |
| 2014 | 30,691 | 2,552 | 13,784 |
| 2015 - 2019 | 0 | 0 | 68,920 |
| 2020 – 2024 | 0 | 0 | 47,717 |
| 2025 – 2029 | 0 | 0 | 30,275 |
| Totals | <u>\$ 240,785</u> | <u>\$ 58,416</u> | <u>\$ 215,832</u> |

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, 2009, were an overall debt margin of \$2,352,812 and an un-voted debt margin of \$1,232,425.

The note for the property on Lock Road enabled the Village to purchase real estate for future construction of a new wastewater treatment plant. The note is backed by the full faith and credit of the Village and matures as indicated below.

Lock Road Real Estate Note

| Year | Principal | Interest |
|--------|-------------------|-----------------|
| 2010 | \$ 19,484 | \$ 5,328 |
| 2011 | 20,503 | 4,311 |
| 2012 | 21,573 | 3,240 |
| 2013 | 22,699 | 2,114 |
| 2014 | 23,886 | 928 |
| Totals | <u>\$ 108,145</u> | <u>\$15,921</u> |

**VILLAGE OF CENTERBURG
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Note 11 – Interfund Transfers

During 2009 the following transfers were made:

| | |
|---|----------------|
| Transfers from the General Fund to: | |
| Water Fund | \$983 |
| Sewer Fund | 1,477 |
| Police Fund | 93 |
| Westside Waterline Cap Improvement Fund | <u>6,537</u> |
| Total Transfers from the General Fund | <u>\$9,090</u> |

Transfers to the Enterprise Funds from the General Fund were to allocate a portion of interest earnings to these funds in 2009. Additionally, a transfer to the Westside Waterline Capital Improvement Fund from the General Fund as noted above, fulfilled the Village's financial participation requirement in a OPWC waterline project for payment.

Note 12 – 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 13 – Jointly Governed Organization

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 of Centerburg, and an at-large member appointed by a vote of the District Board. Revenues are generated from a 5.5 mil operating levy.

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' 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 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, Ohio, (the Village) as of and for the year ended December 31, 2009, wherein, we noted the Village uses a comprehensive accounting basis other than generally accepted accounting principles. We also noted the Village uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Village. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

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 more than a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

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, providing an opinion 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*.

We did note certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated September 17, 2010.

We intend this report solely for the information and use of the audit committee, management, and Village Council. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

September 17, 2010



Mary Taylor, CPA
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
NOVEMBER 18, 2010**