

**VILLAGE OF CENTERBURG**

**AUDIT REPORT**

**JANUARY 1, 2014 - DECEMBER 31, 2015**

**Wilson, Phillips & Agin, CPA's, Inc.  
1100 Brandywine Blvd. Building G  
Zanesville, Ohio 43701**





# Dave Yost • Auditor of State

Village Council  
Village of Centerburg  
49 1/2 East Main Street  
Centerburg, Ohio 43011

We have reviewed the *Independent Auditors' Report* of the Village of Centerburg, Knox County, prepared by Wilson, Phillips & Agin, CPA's, Inc., for the audit period January 1, 2014 through December 31, 2015. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Centerburg is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

July 8, 2016

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**VILLAGE OF CENTERBURG  
KNOX COUNTY  
JANUARY 1, 2014 - DECEMBER 31, 2015**

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**WILSON, PHILLIPS & AGIN, CPA'S, INC.  
1100 BRANDYWINE BLVD. BUILDING G  
ZANESVILLE, OHIO 43701**

**INDEPENDENT AUDITORS' REPORT**

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

To the Village Council:

**Report on the Financial Statements**

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type and related notes of the Village of Centerburg, Knox County, as of and for the years ended December 31, 2015 and 2014.

**Management's Responsibility For the Financial Statements**

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) 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 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 1 of the financial statements, the Village prepared these financial statements using 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), which is an accounting basis other than accounting principles generally accepted in the United States, to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory basis of accounting and GAAP are not reasonably determinable, are presumed to be 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 Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis permitted 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 of Centerburg as of December 31, 2015 and 2014, or changes in financial position or cash flows 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 combined cash balances of the Village of Centerburg, Knox County as of December 31, 2015 and 2014, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued a report dated May 17, 2016, on our consideration of the Village of Centerburg'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.

***Wilson, Phillips & Agin, CPA's, Inc.***  
Zanesville, Ohio  
May 17, 2016

**VILLAGE OF CENTERBURG  
KNOX COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN  
FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
<b>Cash Receipts:</b>				
Property Taxes	\$ 75,081	\$ 76,742	\$ -	\$ 151,823
Municipal Income Tax	382,229	-	-	382,229
Intergovernmental	28,520	110,206	-	138,726
Fines, Licenses, Permits	16,420	-	-	16,420
Earnings on Investments	928	32	3	963
Miscellaneous	5,581	745	-	6,326
<b>Total Cash Receipts</b>	<u>508,759</u>	<u>187,725</u>	<u>3</u>	<u>696,487</u>
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	138,062	76,363	-	214,425
Public Health Services	2,000	-	-	2,000
Community Environment	11,681	-	-	11,681
Transportation	125,703	74,945	-	200,648
General Government	242,440	850	-	243,290
Capital Outlay	-	25,000	-	25,000
<b>Total Cash Disbursements</b>	<u>519,886</u>	<u>177,158</u>	<u>-</u>	<u>697,044</u>
<b>Excess of Receipts Over/(Under) Disbursements</b>	(11,127)	10,567	3	(557)
<b>Other Cash Financing Sources (Uses)</b>				
Transfers In	-	22	-	22
Transfers Out	(599)	-	-	(599)
<b>Total Other Cash Financing Sources (Uses)</b>	<u>(599)</u>	<u>22</u>	<u>-</u>	<u>(577)</u>
<b>Net Change in Fund Cash Balance</b>	(11,726)	10,589	3	(1,134)
<b>Fund Cash Balances, January 1</b>	<u>417,133</u>	<u>87,328</u>	<u>7,394</u>	<u>511,855</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	-	97,917	7,391	105,308
Unassigned (Deficit)	405,407	-	-	405,407
<b>Fund Cash Balances, December 31</b>	<u>\$ 405,407</u>	<u>\$ 97,917</u>	<u>\$ 7,397</u>	<u>\$ 510,721</u>

See notes to financial statements.

**VILLAGE OF CENTERBURG  
KNOX COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN  
FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
<b>Cash Receipts:</b>				
Property Taxes	\$ 74,838	\$ 77,269	\$ -	\$ 152,107
Municipal Income Tax	381,259	-	-	381,259
Intergovernmental	27,752	78,861	93,768	200,381
Fines, Licenses, Permits	18,972	-	-	18,972
Earnings on Investments	707	21	7	735
Miscellaneous	2,326	673	8,431	11,430
<b>Total Cash Receipts</b>	<u>505,854</u>	<u>156,824</u>	<u>102,206</u>	<u>764,884</u>
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	162,947	59,003	-	221,950
Public Health Services	2,000	-	-	2,000
Community Environment	16,760	-	-	16,760
Transportation	82,566	72,828	-	155,394
General Government	249,426	850	-	250,276
Capital Outlay	-	-	101,996	101,996
Debt Service:				
Principal Retirement	12,912	-	-	12,912
Interest and Fiscal Charges	470	-	-	470
<b>Total Cash Disbursements</b>	<u>527,081</u>	<u>132,681</u>	<u>101,996</u>	<u>761,758</u>
<b>Excess of Receipts Over/(Under) Disbursements</b>	(21,227)	24,143	210	3,126
<b>Other Cash Financing Sources (Uses)</b>				
Transfers In	-	30	-	30
Transfers Out	(406)	-	-	(406)
Other Financing Sources	18,107	-	-	18,107
Advances In	12,000	-	-	12,000
<b>Total Other Cash Financing Sources (Uses)</b>	<u>29,701</u>	<u>30</u>	<u>-</u>	<u>29,731</u>
<b>Net Change in Fund Cash Balance</b>	8,474	24,173	210	32,857
<b>Fund Cash Balances, January 1</b>	<u>408,659</u>	<u>63,155</u>	<u>7,184</u>	<u>478,998</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	-	87,328	7,394	94,722
Unassigned (Deficit)	417,133	-	-	417,133
<b>Fund Cash Balances, December 31</b>	<u>\$ 417,133</u>	<u>\$ 87,328</u>	<u>\$ 7,394</u>	<u>\$ 511,855</u>

See notes to financial statements.

**VILLAGE OF CENTERBURG  
KNOX COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN  
FUND CASH BALANCES - PROPRIETARY FUND TYPE  
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

	Enterprise Fund	
	2015	2014
<b>Operating Cash Receipts:</b>		
Charges for Services	\$ 790,004	\$ 646,655
<b>Total Operating Cash Receipts:</b>	790,004	646,655
 <b>Operating Cash Disbursements:</b>		
Personal Services	134,557	123,240
Fringe Benefits	49,945	46,957
Contractual Services	547,429	745,644
Supplies and Materials	58,134	51,079
Other	12,661	28,829
<b>Total Operating Cash Disbursements</b>	802,726	995,749
 <b>Operating Income</b>	(12,722)	(349,094)
 <b>Non-Operating Receipts/(Disbursements)</b>		
Other Debt Proceeds	3,998,607	4,203,349
Miscellaneous	15,668	4,198
Capital Outlay	(3,835,705)	(3,301,533)
Principal Retirement	(13,783)	(510,050)
Interest and Other Fiscal Charges	-	(2,138)
Other Financing Sources	205,818	334,123
Other Financing Uses	-	(28,565)
<b>Total Non-Operating Receipts/(Disbursements)</b>	370,605	699,384
 <b>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</b>	357,883	350,290
 <b>Transfers In</b>	577	376
<b>Advances Out</b>	-	(12,000)
 <b>Net Change in Cash Fund Balance</b>	358,460	338,666
 <b>Fund Cash Balances, January 1</b>	1,109,537	770,871
 <b>Fund Cash Balances, December 31</b>	\$ 1,467,997	\$ 1,109,537

See notes to financial statements.

**VILLAGE OF CENTERBURG  
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 and 2014**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Centerburg, Knox County, Ohio (the Village) as a body corporate and politic. A publicly-elected six-member council directs the Village. The Village provides water and sewer utilities, park operations and police services. Fire protection is provided by the Central Ohio Joint Fire District and police protection is provided by the Knox County Sheriffs office.

The Village participates in two jointly governed organizations, two related organizations and the Ohio Government Risk Management Plan public entity risk pool. Notes 9 and 10 to the financial statements provide additional information for these entities. These organizations are:

Jointly Governed Organization:

*Central Ohio Joint Fire District  
Centerburg Joint Recreation District*

Public Entity Risk Pool:

*Ohio Government Risk Management Plan*

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

**B. 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 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

**C. Deposits and Investments**

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

**VILLAGE OF CENTERBURG  
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 and 2014**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting**

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

**Governmental Funds**

**General Fund**

The General fund is the operating fund. It is used to accounts for all financial resources except those required to be accounted for in another fund.

**Special Revenue Funds**

These funds are used to account for proceeds from specific sources (other than form trusts or for capital projects) that are restricted to expenditures for specific purposes. The Village had the following significant Special Revenue Funds.

**Street Construction, Maintenance and Repair Fund** - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village roads.

**Police Levy Fund** - This fund receives property tax to pay for contracted police services through the Knox County Sheriff's office.

**Enterprise Funds**

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

**Water Fund** - This fund receives charges for services from residents to cover the cost of providing this utility.

**Sewer Fund** - This fund receives charges for services from residents to cover the cost of providing this utility.

**VILLAGE OF CENTERBURG  
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 and 2014**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process**

The Ohio Revised Code requires that the Village budget annually.

**Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**Estimated Resources**

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

**Encumbrances**

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

A summary of 2015 and 2014 budgetary activity appears in Note 4.

**F. 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.

**Committed** – Council can *commit* via formal action (resolution). The Village must adhere to these commitments unless 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.

**VILLAGE OF CENTERBURG  
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 and 2014**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Fund Balance (Continued)**

**Assigned** – Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by ordinance, or by State Statute.

**Unassigned** – Unassigned fund balance is the residual classification for the general fund and includes amounts not contained 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 (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.

**G. Property, Plant, and Equipment**

Acquisition of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**H. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

The Village maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	2015	2014
Demand Deposits	\$ 1,978,718	\$ 1,621,392
Total Deposits	\$ 1,978,718	\$ 1,621,392

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

**3. CHANGE IN ACCOUNTING PRINCIPLE AND ACCOUNTING BASIS**

Last audit period (2013) the Village reported fund financial statements by fund type using the cash basis of accounting presenting each major fund in a separate column with non-major funds aggregated and presented in a single column. This audit period the Village has implemented the cash basis of accounting. The fund financial statements now present each fund type in a separate column under the regulatory basis of accounting as prescribed by the State Auditor's Office. There was no restatement of fund equity due to this change.

**VILLAGE OF CENTERBURG  
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 and 2014**

**4. BUDGETARY ACTIVITY**

Budgetary activity for the year ended December 31, 2015 and 2014 is as follows:

<b>2015 Budgeted vs. Actual Receipts</b>			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 519,857	\$ 508,759	\$ (11,098)
Special Revenue	192,431	187,747	(4,684)
Capital Projects	-	3	3
Enterprise	5,010,606	5,010,097	(509)
Total	<u>\$ 5,722,894</u>	<u>\$ 5,706,606</u>	<u>\$ (16,288)</u>

<b>2015 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 520,575	\$ 520,485	\$ 90
Special Revenue	177,158	177,158	-
Enterprise	4,652,217	4,652,214	3
Total	<u>\$ 5,349,950</u>	<u>\$ 5,349,857</u>	<u>\$ 93</u>

<b>2014 Budgeted vs. Actual Receipts</b>			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 533,385	523,961	\$ (9,424)
Special Revenue	157,837	156,854	(983)
Capital Projects	101,999	102,206	207
Enterprise	4,659,290	5,188,701	529,411
Total	<u>\$ 5,452,511</u>	<u>\$ 5,971,722</u>	<u>\$ 519,211</u>

<b>2014 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 527,487	\$ 527,487	\$ -
Special Revenue	132,684	132,681	3
Capital Projects	101,999	101,996	3
Enterprise	4,835,900	4,835,897	3
Total	<u>\$ 5,598,070</u>	<u>\$ 5,598,061</u>	<u>\$ 9</u>

**5. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted rates.. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due by December 31. The second half payment is due the following June 20. The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

**VILLAGE OF CENTERBURG  
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 and 2014**

**6. LOCAL INCOME TAX**

The Village levies a municipal income tax of one percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employees compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually. Taxes are administered on behalf of the Village by the Regional Income Tax Agency (RITA).

**7. DEBT**

Debt outstanding at December 31, 2015 was as follows:

	2015 Principal	%
Ohio Water Development Authority Loan #626	\$ 8,201,956	0.0
Ohio Public Works Commission Loan CQ16L	84,779	0.0
Ohio Public Works Commission Loan CQ26C	40,398	0.0
Ohio Public Works Commission Loan CQ31F	7,958	0.0
Total	\$ 8,335,091	

The Ohio Water Development Authority (OWDA) loan relates to a sanitary sewer upgrade. The loan was approved for \$9,403,156 of which \$8,201,956 as been drawn as of December 31, 2015. No amortization schedule has been established at 12/31/15. The loan will be repaid over 20 years. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. This will be repaid from the sewer fund.

The Ohio Public Works Commission loan CQ26C relates to a sewer line replacement project. The loan will be repaid in semi-annual payments of \$3,367 with no interest over 20 years. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. This will be repaid from the sewer fund.

The Ohio Public Works Commission loan CQ16L relates to the Westside Waterline connector project. The loan will be repaid over 20 years no interest in semi-annual payments of \$3,028. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. This will be repaid from the water fund.

The Ohio Public Works Commission loan CQ31F relates to a sanitary sewer replacement project on Willis Street. The loan will be repaid in semi-annual payments of \$497 with no interest over 20 years. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. This will be repaid from the sewer fund.

**VILLAGE OF CENTERBURG  
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 and 2014**

**7. DEBT (Continued)**

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

Year Ending December 31	OPWC #CQ26C	OPWC #CQ16L	OPWC CQ31F
2016	\$ 6,733	\$ 6,056	\$ 994
2017	6,733	6,056	994
2018	6,733	6,056	994
2019	6,733	6,056	994
2020	6,733	6,056	994
2021-2025	6,733	30,280	2,988
2026-2030	-	24,219	-
2031-2035	-	-	-
2036-2040	-	-	-
2041-2045	-	-	-
	<u>\$ 40,398</u>	<u>\$ 84,779</u>	<u>\$ 7,958</u>

**8. RETIREMENT SYSTEMS**

The Village’s full-time employees and elected officials belong to the Public Employees Retirement System (OPERS) of Ohio. OPERS is a cost-sharing, multiple employer plan. The Ohio Revised Code prescribes the plan benefits, which include postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2015 and 2014, OPERS members contributed 10.0% of their gross wages and the Village contributed an amount equal to 14.00% of participant’s gross salaries. The Village has paid all contributions required through December 31, 2015.

**9. RISK MANAGEMENT**

**Risk Pool Membership**

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

The Village pays the State Workers’ Compensation System a premium based on a rate of per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

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

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

**VILLAGE OF CENTERBURG  
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 and 2014**

**9. RISK MANAGEMENT (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, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses of the first \$250,000 casualty treaty and 105 of the first \$1,000,000 property treaty. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan’s property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 and 783 members as of December 31, 2013 and 2014, respectively.

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

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

The Pools audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2013 and 2014 the latest information available.

	2013	2014
Assets	\$ 13,774,304	\$ 14,830,185
Liabilities	(7,968,395)	(8,942,504)
Retained Earnings	\$ 5,805,909	\$ 5,887,681

You can read the complete audited financial statements for OPRM at the Plan’s website, [www.ohioplan.org](http://www.ohioplan.org).

**10. JOINTLY GOVERNED ORGANIZATIONS**

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

**WILSON, PHILLIPS & AGIN, CPA'S, INC.  
1100 BRANDYWINE BLVD. BUILDING G  
ZANESVILLE, OHIO 43701**

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

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

To the Village Council:

We have audited, in accordance with auditing standards general accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Village of Centerburg, Knox County as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated May 17, 2016, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered Village of Centerburg's internal control over financial reporting (internal control) to determine the 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 a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies.. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Village of Centerburg's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance 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*.

***Purpose of this Report***

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

***Wilson, Phillips & Agin, CPA's, Inc.***  
Zanesville, Ohio  
May 17, 2016

**VILLAGE OF CENTERBURG  
KNOX COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
YEARS ENDED DECEMBER 31, 2015 AND 2014**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain:</b>
2013-001	Material Weakness Financial Statement presentation mis-postings	Yes	Finding No Longer Valid

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# Dave Yost • Auditor of State

**VILLAGE OF CENTERBURG**

**KNOX COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JULY 21, 2016**