



**VILLAGE OF CENTERVILLE
GALLIA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000 - 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**VILLAGE OF CENTERVILLE
GALLIA COUNTY**

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**STATE OF OHIO
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

743 East State Street
Athens Mall Suite B
Athens, Ohio 45701
Telephone 740-594-3300
800-441-1389
Facsimile 740-594-2110
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Village of Centerville
Gallia County
P O Box 9
Thurman, Ohio 45685

To the Village Council Members:

We have audited the accompanying financial statement of the Village of Centerville, Gallia County, Ohio (the Village), as of and for the years ended December 31, 2000 and 1999. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Centerville, Gallia County, as of December 31, 2000 and 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 22, 2001, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the management, the Village Council and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

August 22, 2001

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VILLAGE OF CENTERVILLE
GALLIA COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts:				
Local Taxes	\$64	\$	\$	\$64
Intergovernmental Receipts	83,280	2,497	641,064	726,841
Fines, Licenses, Permits	164			164
Rental Income	8,900			8,900
Miscellaneous	3,938	266		4,204
Total Cash Receipts	96,346	2,763	641,064	740,173
Cash Disbursements:				
Current:				
Security of Persons and Property	39,548			39,548
Public Health Services	30			30
Community Environment	6,000			6,000
Transportation	10,134	10,000		20,134
General Government	32,679			32,679
Capital Outlay			610,856	610,856
Total Cash Disbursements	88,391	10,000	610,856	709,247
Total Cash Receipts Over/(Under) Cash Disbursements	7,955	(7,237)	30,208	30,926
Fund Cash Balances, January 1	33,647	8,981	14,981	57,609
Fund Cash Balances, December 31	\$41,602	\$1,744	\$45,189	\$88,535
Reserved for Encumbrances, December 31	\$1,444	\$0	\$36,931	\$38,375

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF CENTERVILLE
GALLIA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts:				
Local Taxes	\$72	\$	\$	\$72
Intergovernmental Receipts	67,091	2,849	36,597	106,537
Rental Income	8,425			8,425
Fines, Licenses, Permits	812			812
Miscellaneous	5,147	87		5,234
Total Cash Receipts	81,547	2,936	36,597	121,080
Cash Disbursements:				
Current:				
Security of Persons and Property	22,842			22,842
Public Health Services	87			87
Leisure Time Activities	450			450
Community Environment	6,000			6,000
Transportation	2,738	19		2,757
General Government	36,751			36,751
Capital Outlay	19,015		36,616	55,631
Total Cash Disbursements	87,883	19	36,616	124,518
Total Cash Receipts Over/(Under) Cash Disbursements	(6,336)	2,917	(19)	(3,438)
Other Financing :				
Transfers-in			15,000	15,000
Transfers-out	(15,000)			(15,000)
Total other financing sources/(uses)	(15,000)	0	15,000	0
Excess of Cash Receipts & Other Financing Sources Over/(Under) Cash Disbursements & Other Financing Sources	(21,336)	2,917	14,981	(3,438)
Fund Cash Balances, January 1	54,983	6,064	0	61,047
Fund Cash Balances, December 31	\$33,647	\$8,981	\$14,981	\$57,609
Reserved for Encumbrances, December 31	\$931	\$0	\$0	\$931

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF CENTERVILLE
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Centerville, Gallia County (the Village), is a body corporate and politic 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 publicly-elected six-member Council. The Village provides general governmental services, including maintenance of roads and street lighting.

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 basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e. when on encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Cash accounts are valued at cost. The Village had no investments during the audit period.

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:

1. General Fund

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

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure 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 license tax money for constructing, maintaining and repairing Village streets.

State Highway Improvement Fund - This fund receives gasoline tax and motor vehicle license tax money for constructing, maintaining and repairing Village highways.

**VILLAGE OF CENTERVILLE
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Capital Project Fund

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant Capital Project Funds:

Community Development Block Grant Fund - The Village received a pass through grant from the Federal Government for use in a sewer construction project.

Ohio Public Works Commission (OPWC) Fund - The Village received a pass through grant from the State of Ohio for use in a sewer construction project.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control, and appropriations may not exceed estimated resources. The 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.

2. 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.

3. 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. The Village did not encumber all commitments required by Ohio law.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

**VILLAGE OF CENTERVILLE
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

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 at December 31 was as follows:

	<u>2000</u>	<u>1999</u>
Demand deposits	<u>\$ 88,535</u>	<u>\$ 57,609</u>

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 75,055	\$ 96,346	\$ 21,291
Special Revenue	3,700	2,763	(937)
Capital Projects	745,433	641,064	(104,369)
Total	<u>\$ 824,188</u>	<u>\$ 740,173</u>	<u>\$ (84,015)</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 120,924	\$ 89,835	\$ 31,089
Special Revenue	12,300	10,000	2,300
Capital Project	745,433	647,787	97,646
Total	<u>\$ 878,657</u>	<u>\$ 747,622</u>	<u>\$ 131,035</u>

**VILLAGE OF CENTERVILLE
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 75,060	\$ 81,547	\$ 6,487
Special Revenue	4,140	2,936	(1,204)
Capital Projects	0	51,597	51,597
Total	<u>\$ 79,200</u>	<u>\$ 136,080</u>	<u>\$ 56,880</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 106,562	\$ 103,814	\$ 2,748
Special Revenue	8,400	19	8,381
Capital Projects	0	36,616	(36,616)
Total	<u>\$ 114,962</u>	<u>\$ 140,449</u>	<u>\$ (25,487)</u>

The Village did not properly encumber funds prior to making commitments contrary to Ohio Rev. Code Section 5705.41(D). The Village also had expenditures exceeding appropriations contrary to 5705.41(B). The Village did not reduce the amended certificate and appropriations contrary to 5705.36.

4. RETIREMENT SYSTEM

The Village's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries through June 30, 2000. Effective July 1, 2000 the employers' contribution rate decreased to 8.13% of the participants' gross salaries. The Village has paid all contributions through December 31, 2000.

5. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles

**VILLAGE OF CENTERVILLE
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

6. SUBSEQUENT EVENTS

In January 2001 the Village entered into a loan agreement for their portion of the sewer project. This loan was for \$70,000.

An additional loan was entered into in July of 2001 for the purchase of land within the village to be used for a new fire house in the future. This loan was for \$45,000.

7. CONSTRUCTION COMMITMENTS

The City had the following contractual commitment at December 31, 2000, which will be paid by the Community Development Block Grant and OPWC Funds:

<u>Project</u>	<u>Remaining Contractual Commitment</u>	<u>Expected Date of Completion</u>
Sanitary Sewer Project	\$40,304	July 31, 2001

8. CONTINGENT LIABILITY

Grants

The Village receives significant financial assistance from federal and state agencies in the form of grants. The disbursement of fund received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the Village at December 31, 2000.

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**STATE OF OHIO
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

743 East State Street
Athens Mall Suite B
Athens, Ohio 45701
Telephone 740-594-3300
800-441-1389
Facsimile 740-594-2110
www.auditor.state.oh.us

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Village of Centerville
Gallia County
P.O. Box 9
Thurman, Ohio 45685

To the Village Council Members:

We have audited the accompanying financial statements of the Village of Centerville, Gallia County, Ohio (the Village), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated August 22, 2001. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed three instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items number 2000-30727-001, 2000-30727-002, and 2000-30727-003. We also noted certain immaterial instances of noncompliance that we have reported to the management of the Village in a separate letter dated August 22, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated August 22, 2001.

Village of Centerville
Gallia County
Report of Independent Accountants on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

This report is intended for the information and use of the management and Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

August 22, 2001

**VILLAGE OF CENTERVILLE
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2000-30727-001

Noncompliance Citation

Ohio Rev. Code Section 5705.41(D) provides no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury of in the process of collection to the credit of an appropriate fund free from any previous encumbrance. This section provides for two exceptions to be the above requirements:

1. Then and Now Certificate: This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.
2. Amounts of less than \$100 for counties, or less than \$1,000 for other political subdivisions, may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

During 1999, \$33,788 of General Fund commitments were not certified by the Village Clerk and/or encumbered until the time of payment. During 2000, \$30,531 of General Fund; \$17,450, Street Construction, Maintenance and Repair Fund; \$201,365, Community Development Block Grant Fund, and \$20,132, Ohio Public Works Commission Fund commitments were not certified by the Village Clerk and/or encumbered until the time of payment. Our tests detected no material unencumbered open purchase commitments at December 31, 1999 or December 31, 2000.

We recommend that the Village Clerk properly certify funds prior to incurring the obligations.

FINDING NUMBER 2000-30727-002

Noncompliance Citation

Ohio Rev. Code Section 5705.41(B) states that no subdivision or taxing unit is to expend money unless it has been appropriated.

Expenditures of \$36,616 were made out of the Ohio Water Development Authority (OWDA) Fund in 1999 for which no appropriation amounts were set by the Village Council. In addition, expenditures exceeded appropriated amounts in the OWDA Fund in 2000 by \$50,169. This could lead to a negative fund balance.

We recommend the Village Clerk routinely compare the appropriations to the actual disbursements at the legal level of control and have the Village Council approve an amendment and file it with the County Auditor when it is apparent that actual disbursements will exceed the level of appropriations.

**VILLAGE OF CENTERVILLE
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999
(Continued)**

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

FINDING NUMBER 2000-30727-003

Noncompliance Citation

Ohio Rev. Code Section 5705.36 allows Villages to request reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be less than the amount in the official certificate of estimated resources.

Estimated receipts exceeded actual receipts in the Ohio Water Development Authority(OWDA) Fund by \$433 at December 31, 2000. Total actual expenditures exceeded estimated resources by \$13,237 resulting in the OWDA having a negative fund balances of (\$13,689) at December 31, 2000. In addition, total appropriations exceeded actual receipts plus January 1, 2000 unencumbered fund balance in the Capital Projects fund by \$89,388 at December 31, 2000.

We recommend the Village Clerk monitor estimated versus actual receipts throughout the year and obtain a reduced certificate if deemed necessary. We further recommend the Village Clerk request a reduced amended certificate when he realizes that the reduction will reduce the available resources below the current appropriations.

**VILLAGE OF CENTERVILLE
GALLIA COUNTY**

**CORRECTIVE ACTION PLAN
DECEMBER 31, 2000 AND 1999**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2000-30727-001	Village Clerk intends to certify funds prior to making commitments.	December 31, 2001	David House, Clerk
2000-30727-002	Village Clerk intends to appropriate monies prior to making expenditures.	December 31, 2001	David House, Clerk
2000-30727-003	Village Clerk intends to reduce the amended certificate and appropriations as deemed necessary upon review of budget and actual figures.	December 31, 2001	David House, Clerk



**STATE OF OHIO
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

VILLAGE OF CENTERVILLE

GALLIA 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
SEPTEMBER 25, 2001**