



Dave Yost • Auditor of State

VILLAGE OF CENTERBURG
KNOX COUNTY

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Dave Yost • 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, 2010, 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(A) mandates 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, 2010, and the respective changes in cash financial position and where applicable, cash flows, 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 April 30, 2012, 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.

We conducted our audit to opine on the Village's financial statements taken as a whole. Management's Discussion & Analysis includes tables of net assets, changes in net assets, governmental activities and long-term debt. These tables provide additional information, but are not part of the basic financial statements. However these tables are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These tables were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.



Dave Yost
Auditor of State

April 30, 2012

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**VILLAGE OF CENTERBURG
KNOX COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
(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, 2010, 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 2010 are as follows:

Net assets of governmental activities increased \$58,853, or 14 percent, a significant change from the prior year. The fund most affected by the increase in cash and cash equivalents was the General Fund, which realized an increase in zoning fee receipts due to the construction of 25 new homes. The Village also received unanticipated estate taxes.

The Village's general receipts are comprised primarily of property and municipal income taxes. These receipts represent respectively 9 percent and 51 percent of the total cash received for governmental activities during the year.

Expenditures in governmental activities decreased for the year because of lower contract costs for police service, paving, and health insurance.

The Village has three major enterprise funds which had changes in 2010. The Water Fund Balance increased by \$61,324 for the year, primarily due to tap fees associated with the construction of 25 new homes. The Sewer Fund Balance increased by \$7,738, primarily due to a rate increase implemented January 1, 2010. The Enterprise Improvement Fund was established to account for an OWDA loan for a water treatment facility.

Mayor George Shaw passed away unexpectedly on December 23, 2010. Council President Diana Stockmaster was sworn in as Mayor and will fill the unexpired term.

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 Village-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, 2010
(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 2010, 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 modified 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. 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. 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, 2010
(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 Village are split into three 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 the General Fund, Street Construction, Maintenance and Repair Fund, and the Police Levy Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial 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 the Enterprise Improvement Fund. The Enterprise Improvement Fund accounts for activity of a Planning and Development Loan for the Water Reclamation Facility project. The major funds are presented on the financial statements in separate columns. The non-major funds (funds whose activity are not large enough to warrant separate reporting) are presented in a single column.

**VILLAGE OF CENTERBURG
KNOX COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
(UNAUDITED)**

The Village as a Whole

Table 1 provides a summary of the Village's net assets for 2010 compared to 2009 on a cash basis:

(Table 1)

Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Assets						
Cash and Cash Equivalents	\$468,414	\$409,561	\$755,170	\$682,046	\$1,223,584	\$1,091,607
Total Assets	\$468,414	\$409,561	\$755,170	\$682,046	\$1,223,584	\$1,091,607
Net Assets						
Restricted for:						
Capital Outlay	\$ 51	\$ 51	0	0	\$ 51	\$ 51
Other Purposes	89,430	\$ 141,323	0	0	89,430	\$ 141,323
Unrestricted	378,933	\$ 268,187	755,170	682,046	1,134,103	\$ 950,233
Total Net Assets	\$468,414	\$409,561	\$755,170	\$682,046	\$1,223,584	\$1,091,607

As mentioned previously, net assets of governmental activities increased \$ 58,853 or 14 percent during 2010. The primary reasons contributing to the increases in cash balances are as follows:

- Increase in zoning fees due to construction of 25 new homes
- Receipt of unanticipated estate taxes
- Decrease in cost of police contract
- Decrease in the number of paving projects completed, and
- Decrease in health insurance costs

Table 2 reflects the changes in net assets on a cash basis in 2010 and 2009 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, 2010
(UNAUDITED)**

(Table 2)

Changes in Net Assets

	Governmental		Business-Type		Total	
	Activities		Activities			
	2010	2009	2010	2009	2010	2009
Receipts:						
Program Receipts:						
Charges for Services and Sales	\$35,829	\$5,605	\$514,499	\$559,725	\$550,328	\$565,330
Operating Grants and Contributions	62,893	62,065			62,893	62,065
Capital Grants and Contributions				175,947	0	175,947
Total Program Receipts	<u>98,722</u>	<u>67,670</u>	<u>514,499</u>	<u>735,672</u>	<u>613,221</u>	<u>803,342</u>
General Receipts:						
Property and Other Local Taxes						
General Operating	55,439	57,021			55,439	57,021
Police Levy	73,221	69,617			73,221	69,617
Income Taxes	310,737	339,820			310,737	339,820
Grants and Entitlements Not Restricted to Specific Programs	70,403	70,886			70,403	70,886
Interest	1,130	3,965	10		1,140	3,965
Miscellaneous	1,685	16,777	2,261	12,695	3,946	29,472
Debt Proceeds	0	0	192,199	121,115	192,199	121,115
Sale of Fixed Assets	0	0	0	155,000	0	155,000
Total General Receipts	<u>512,615</u>	<u>558,086</u>	<u>194,470</u>	<u>288,810</u>	<u>707,085</u>	<u>846,896</u>
Total Receipts	<u>611,337</u>	<u>625,756</u>	<u>708,969</u>	<u>1,024,482</u>	<u>1,320,306</u>	<u>1,650,238</u>
Disbursements:						
General Government	209,925	212,045	0	0	209,925	212,045
Security of Persons and Property:	175,875	183,336	0	0	175,875	183,336
Public Health Services	1,966	110	0	0	1,966	110
Community Environment	13,000	18,766	0	0	13,000	18,766
Basic Utilities	0	1,980	0	0	0	1,980
Capital Outlay	193		0	0	193	
Transportation	137,472	152,970	0	0	137,472	152,970
Principal Retirement	11,187	10,793	0	0	11,187	10,793
Interest and Fiscal Charges	2,197	2,591	0	0	2,197	2,591
Other						
Water			185,799	553,617	185,799	553,617
Sewer			450,715	446,572	258,516	446,572
Total Disbursements	<u>551,815</u>	<u>582,591</u>	<u>636,514</u>	<u>1,000,189</u>	<u>996,130</u>	<u>1,582,780</u>
Excess (Deficiency) Before Transfers	59,522	43,165	72,455	24,293	324,176	67,458
Transfers	(669)	(8,998)	669	8,998	0	0
Increase (Decrease) in Net Assets	<u>58,853</u>	<u>34,167</u>	<u>73,124</u>	<u>33,291</u>	<u>324,176</u>	<u>67,458</u>
Net Assets, January 1, 2010	409,561	375,394	682,046	648,755	1,091,607	1,467,001
Net Assets, December 31, 2010	<u>\$468,414</u>	<u>\$409,561</u>	<u>\$755,170</u>	<u>\$682,046</u>	<u>\$1,223,584</u>	<u>\$1,091,607</u>

**VILLAGE OF CENTERBURG
KNOX COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
(UNAUDITED)**

Program receipts represent only 16 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.

General receipts represent 84 percent of the total governmental activities. Of this amount, 86 percent are property and local taxes, and 14 percent are general receipts such as homestead and rollback, and local government.

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 Office; Public Health Services 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 Security of Persons and Property, which account for 38 and 32 percent of all governmental disbursements, 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 2010	Net Cost of Services 2010	Total Cost of Services 2009	Net Cost of Services 2009
General Government	\$209,925	\$207,640	\$212,045	\$208,896
Security of Persons and Property	\$175,875	\$170,904	\$183,336	\$183,336
Public Health Services	1,966	1,966	110	110
Community Environment	13,000	(9,850)	18,766	16,311
Basic Utilities			1,980	1,980
Transportation	137,472	68,856	152,970	90,905
Capital Outlay	193	193		
Principal Retirement	11,187	11,187	10,793	10,793
Interest and Fiscal Charges	2,197	2,197	2,591	2,591
Total Expenses	\$551,815	\$453,093	\$582,591	\$514,922

The dependence upon property and income tax receipts is apparent as over 86 percent of governmental activities are supported through these general receipts.

**VILLAGE OF CENTERBURG
KNOX COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2010
(UNAUDITED)**

Business-type Activities

The water and sewer operations of the Village represent 62 percent of the total Village funds. The Village received \$192,199 in loan proceeds from a Water Reclamation Planning and Design Loan through Ohio Water Development Authority (OWDA).

The Village's Funds

Total governmental funds had receipts of \$611,337 and disbursements of \$551,815. The fund balance of the General Fund increased \$110,606 primarily due to municipal income tax, unanticipated inheritance tax receipts, and zoning fees for 25 new homes, as well as lower police and paving costs.

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 2010, the Village amended its General Fund budget to reflect changing circumstances. Final budgeted receipts were above original budgeted receipts due to municipal tax receipts, inheritance tax receipts, and zoning fee receipts.

Final disbursements were budgeted at \$357,924 while actual disbursements were \$356,906. 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 Office.

Debt Administration

Debt

At December 31, 2010, the Village's outstanding debt was \$588,649 incurred for OWDA and OPWC loans issued for improvements to the water and sewer infrastructures. This includes an additional \$192,199 of an approved \$550,000 loan obtained through OWDA for Planning and Design of the Water Reclamation Facility. 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 \$48,983. The other is for the purchase of land (Lock Road) for the new WRF with an outstanding balance of \$79,865. 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 are researching every funding option for the financing of the Water Reclamation Facility, including the formation of Centerburg Township. We continue to closely 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.

**VILLAGE OF CENTERBURG
KNOX COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2010**

	<u>Governmental Activities- Total</u>	<u>Business - Type Activities</u>	<u>Total</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 468,414	\$ 755,170	\$ 1,223,584
<i>Total Assets</i>	<u>\$ 468,414</u>	<u>\$ 755,170</u>	<u>\$ 1,223,584</u>
Net Assets			
Restricted for:			
Capital Projects	\$ 51	\$ -	\$ 51
Other Purposes	89,430	-	89,430
Unrestricted	<u>378,933</u>	<u>755,170</u>	<u>1,134,103</u>
<i>Total Net Assets</i>	<u>\$ 468,414</u>	<u>\$ 755,170</u>	<u>\$ 1,223,584</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, 2010

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets		
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities						
Security of Persons and Property	\$ 175,875	\$ 4,971	\$ -	\$ (170,904)	\$ -	\$ (170,904)
Public Health Services	1,966	-	-	(1,966)	-	(1,966)
Community Environment	13,000	22,850	-	9,850	-	9,850
Transportation	137,472	5,723	62,893	(68,856)	-	(68,856)
General Government	209,925	2,285	-	(207,640)	-	(207,640)
Capital Outlay	193	-	-	(193)	-	(193)
Debt Service:						
Principal	11,187	-	-	(11,187)	-	(11,187)
Interest	2,197	-	-	(2,197)	-	(2,197)
<i>Total Governmental Activities</i>	<u>551,815</u>	<u>35,829</u>	<u>62,893</u>	<u>(453,093)</u>	<u>-</u>	<u>(453,093)</u>
Business Type Activities						
Water Operating	185,799	248,699	-	-	(129,299)	(121,849)
Sewer Operating	450,715	265,800	-	-	7,284	7,284
<i>Total Business Type Activities</i>	<u>636,514</u>	<u>514,499</u>	<u>-</u>	<u>-</u>	<u>(122,015)</u>	<u>(122,015)</u>
<i>Total Primary Government</i>	<u>\$ 1,188,329</u>	<u>\$ 550,328</u>	<u>\$ 62,893</u>	<u>\$ (453,093)</u>	<u>\$ (122,015)</u>	<u>\$ (575,108)</u>
General Receipts						
Property Taxes Levied for:						
General Operating				\$ 55,439	\$ -	\$ 55,439
Police Fund				73,221	-	73,221
Municipal Income Taxes				310,737	-	310,737
Grants and Entitlements not Restricted to Specific Programs				70,403	-	70,403
Loan Proceeds				-	192,199	192,199
Earnings on Investments				1,130	10	1,140
Miscellaneous				1,685	2,261	3,946
<i>Total General Receipts</i>				<u>512,615</u>	<u>194,470</u>	<u>707,085</u>
Transfers				(669)	669	-
<i>Total General Receipts and Transfers</i>				<u>511,946</u>	<u>195,139</u>	<u>707,085</u>
Change in Net Assets				58,853	73,124	131,977
<i>Net Assets Beginning of Year</i>				<u>409,561</u>	<u>682,046</u>	<u>1,091,607</u>
<i>Net Assets End of Year</i>				<u>\$ 468,414</u>	<u>\$ 755,170</u>	<u>\$ 1,223,584</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, 2010

	General	Street Const. Maint Rep	Police Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 378,933	\$ 44,766	\$ 7,526	\$ 37,189	\$ 468,414
<i>Total Assets</i>	<u>\$ 378,933</u>	<u>\$ 44,766</u>	<u>\$ 7,526</u>	<u>\$ 37,189</u>	<u>\$ 468,414</u>
Fund Balances					
Reserved:					
Reserved for Encumbrances	\$ 4,026	\$ 348	\$ -	\$ -	\$ 4,374
Unreserved:					
Undesignated (Deficit), Reported in:					
General Fund	374,907	-	-	-	374,907
Special Revenue Funds	-	44,418	7,526	37,138	89,082
Capital Projects Funds	-	-	-	51	51
<i>Total Fund Balances</i>	<u>\$ 378,933</u>	<u>\$ 44,766</u>	<u>\$ 7,526</u>	<u>\$ 37,189</u>	<u>\$ 468,414</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, 2010**

	General	Street Const. Maint. Rep	Police Fund	Other Governmental Funds	Total
Receipts					
Property and Other Local Taxes	\$ 55,439	\$ -	\$ 73,221	\$ -	\$ 128,660
Municipal Income Taxes	310,737	-	-	-	310,737
Intergovernmental	59,806	58,181	7,023	8,382	133,392
Fines, Licenses and Permits	35,733	-	-	-	35,733
Earnings on Investments	1,047	48	-	35	1,130
Miscellaneous	1,166	519	-	-	1,685
Total Receipts	463,928	58,748	80,244	8,417	611,337
Disbursements					
Current:					
Security of Persons and Property	64,123	-	109,491	2,261	175,875
Public Health Services	1,966	-	-	-	1,966
Community Environment	13,000	-	-	-	13,000
Transportation	52,054	82,105	-	3,313	137,472
General Government	208,102	-	850	973	209,925
Capital Outlay	-	-	193	-	193
Debt Service:					
Principal Retirement	11,187	-	-	-	11,187
Interest and Fiscal Charges	2,197	-	-	-	2,197
Total Disbursements	352,629	82,105	110,534	6,547	551,815
Excess of Receipts Over (Under) Disbursements	111,299	(23,357)	(30,290)	1,870	59,522
Transfers In	-	-	24	-	24
Transfers Out	(693)	-	-	-	(693)
Total Other Financing Sources (Uses)	(693)	-	24	-	(669)
Net Change in Fund Balances	110,606	(23,357)	(30,266)	1,870	58,853
Fund Balances Beginning of Year	\$ 268,327	\$ 68,123	\$ 37,792	\$ 35,319	\$ 409,561
Fund Balances End of Year	\$ 378,933	\$ 44,766	\$ 7,526	\$ 37,189	\$ 468,414

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, 2010**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 52,402	\$ 55,440	\$ 55,439	\$ 1
Municipal Income Taxes	300,000	310,737	310,737	-
Intergovernmental	50,451	59,806	59,806	-
Charges for Services	5,555	-	-	-
Fines, Licenses and Permits	14,645	35,733	35,733	-
Earnings on Investments	4,000	958	1,047	(89)
Miscellaneous	17,170	1,166	1,166	-
<i>Total receipts</i>	<u>444,223</u>	<u>463,840</u>	<u>463,928</u>	<u>(88)</u>
Disbursements				
Current:				
Security of Persons and Property	90,000	64,125	64,123	2
Public Health Services	116	1,966	1,966	0
Community Environment	13,000	13,000	13,000	0
Transportation	118,315	52,894	52,054	840
General Government	281,928	211,862	211,686	176
Debt Service:				
Principal Retirement	11,187	11,187	11,187	0
Interest and Fiscal Charges	2,197	2,197	2,197	0
<i>Total Disbursements</i>	<u>516,743</u>	<u>357,231</u>	<u>356,213</u>	<u>1,018</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(72,520)</u>	<u>106,609</u>	<u>107,715</u>	<u>1,106</u>
Other Financing Sources (Uses)				
Transfers Out	(9,140)	(693)	(693)	-
<i>Total Other Financing Sources (Uses)</i>	<u>(9,140)</u>	<u>(693)</u>	<u>(693)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(81,660)	105,916	107,022	1,106
<i>Unencumbered Cash Balance Beginning of Year</i>	<u>267,885</u>	<u>267,885</u>	<u>267,885</u>	<u>-</u>
<i>Unencumbered Cash Balance End of Year</i>	<u>\$ 186,225</u>	<u>\$ 373,801</u>	<u>\$ 374,907</u>	<u>\$ 1,106</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 CONSTRUCTION, MAINTENANCE AND REPAIR FUND
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$ 58,580	\$ 58,580	\$ 58,181	\$ (399)
Earnings on Investments	300	300	48	(252)
Miscellaneous	-	-	519	519
<i>Total receipts</i>	<u>58,880</u>	<u>58,880</u>	<u>58,748</u>	<u>(132)</u>
Disbursements				
Current:				
Transportation	\$ 85,000	\$ 85,000	\$ 82,452	\$ 2,548
<i>Total Disbursements</i>	<u>85,000</u>	<u>85,000</u>	<u>82,452</u>	<u>2,548</u>
<i>Net Change in Fund Balance</i>	(26,120)	(26,120)	(23,704)	2,416
<i>Unencumbered Cash Balance Beginning of Year</i>	<u>68,122</u>	<u>68,122</u>	<u>68,122</u>	<u>-</u>
<i>Unencumbered Cash Balance End of Year</i>	<u>\$ 42,002</u>	<u>\$ 42,002</u>	<u>\$ 44,418</u>	<u>\$ 2,416</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, 2010**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$ 71,912	\$ 71,912	\$ 73,221	1,309
Intergovernmental	8,080	8,080	7,023	(1,057)
<i>Total Receipts</i>	<u>79,992</u>	<u>79,992</u>	<u>80,244</u>	<u>252</u>
Disbursements				
Current:				
Security of Persons and Property	90,000	110,000	109,491	509
General Government	850	850	850	-
Capital Outlay	25,000	5,000	193	4,807
<i>Total Disbursements</i>	<u>115,850</u>	<u>115,850</u>	<u>110,534</u>	<u>5,316</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(35,858)</u>	<u>(35,858)</u>	<u>(30,290)</u>	<u>5,568</u>
Other Financing Sources (Uses)				
Transfers In	140	140	24	(116)
<i>Total Other Financing Sources (Uses)</i>	<u>140</u>	<u>140</u>	<u>24</u>	<u>(116)</u>
<i>Net Change in Fund Balance</i>	(35,718)	(35,718)	(30,266)	5,452
<i>Unencumbered Cash Balance Beginning of Year</i>	<u>37,792</u>	<u>37,792</u>	<u>37,792</u>	<u>-</u>
<i>Unencumbered Cash Balance End of Year</i>	<u><u>\$ 2,074</u></u>	<u><u>\$ 2,074</u></u>	<u><u>\$ 7,526</u></u>	<u><u>\$ 5,452</u></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, 2010**

	WATER OPERATING	SEWER OPERATING	ENTERPRISE IMPROVEMENT	NONMAJOR ENTERPRISE FUNDS	TOTAL ENTERPRISE FUNDS
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 330,236	\$ 397,040	\$ 3,073	\$ 24,821	\$ 755,170
<i>Total Assets</i>	<u>330,236</u>	<u>397,040</u>	<u>3,073</u>	<u>24,821</u>	<u>755,170</u>
Net Assets					
Unrestricted	<u>330,236</u>	<u>397,040</u>	<u>3,073</u>	<u>24,821</u>	<u>755,170</u>
<i>Total Net Assets</i>	<u>\$ 330,236</u>	<u>\$ 397,040</u>	<u>\$ 3,073</u>	<u>\$ 24,821</u>	<u>\$ 755,170</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, 2010**

	WATER OPERATING TOTAL	SEWER OPERATING TOTAL	ENTERPRISE IMPRVMT TOTAL	OTHER ENTERPRISE FUNDS TOTAL	TOTAL ENTERPRISE FUNDS
Operating Receipts					
Charges for Services	\$ 241,249	\$ 265,800	\$ -	\$ 7,450	\$ 514,499
<i>Total Operating Receipts</i>	241,249	265,800	-	7,450	514,499
Operating Disbursements					
Personal Services	52,386	52,515	-	-	104,901
Employee Fringe Benefits	16,317	16,620	-	-	32,937
Contractual Services	43,509	26,862	192,199	-	262,570
Supplies and Materials	32,258	29,590	-	-	61,848
Other	-	5,064	-	3,398	8,462
<i>Total Operating Disbursements</i>	144,470	130,651	192,199	3,398	470,718
<i>Operating Income (Loss)</i>	96,779	135,149	(192,199)	4,052	43,781
Non-Operating Receipts (Disbursements)					
Earnings on Investments	-	-	-	10	10
Other Debt Proceeds	-	-	192,199	-	192,199
Miscellaneous Receipts	2,183	78	-	-	2,261
Capital Outlay	(31,875)	(23,043)	-	-	(54,918)
Principal Payments	(6,056)	(82,391)	-	-	(88,447)
Interest and Fiscal Charges	-	(22,431)	-	-	(22,431)
<i>Total Non-Operating Receipts (Disbursements)</i>	(35,748)	(127,787)	192,199	10	28,674
<i>Income (Loss) before Transfers and Advances</i>	61,031	7,362	-	4,062	72,455
Transfers In	293	376	-	-	669
<i>Change in Net Assets</i>	61,324	7,738	-	4,062	73,124
<i>Net Assets Beginning of Year</i>	268,912	389,302	3,073	20,759	682,046
<i>Net Assets End of Year</i>	\$ 330,236	\$ 397,040	\$ 3,073	\$ 24,821	\$ 755,170

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, 2010**

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 the 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 Organizations and Public Entity Risk Pools

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, 2010
(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. Nonmajor 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 nonoperating.

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.

**VILLAGE OF CENTERBURG
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

B. Fund Accounting (Continued)

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 the Police Levy Fund.

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 Repair 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 Office. 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 enterprise.

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 Enterprise Improvement fund.

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.

Enterprise Improvement Fund - The Enterprise Improvement Fund accounts for improvements made to the water and sewer infrastructure.

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.

**VILLAGE OF CENTERBURG
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

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. 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 2010, 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 2010 were \$1,047.

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.

**VILLAGE OF CENTERBURG
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

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.

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 Street Maintenance, Construction, and Repair and the Police Levy Fund.

I. Net Assets (Continued)

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 Maintenance, Construction, and Repair, and the Police Levy 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). Encumbrances at December 31, 2010 were: General Fund \$ 4,026 and Street Construction, Maintenance, and Repair Fund of \$ 348.

**VILLAGE OF CENTERBURG
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

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.

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.

**VILLAGE OF CENTERBURG
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

Note 4 – Deposits and Investments (Continued)

Deposits

The December 31, 2010 carrying value of all deposits was \$ 1,223,584. Based on the criteria described in GASB Statement No. 40, “*Deposits and Investment Risk Disclosures*”, as of December 31, 2010 \$ 992,112 of the Village’s bank balance of \$ 1,242,112 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.

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 percent 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 50 percent of the 1 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 and public utility property located in the Village. Real property tax receipts received in 2010 for real and public utility property taxes represents collections of the 2009 taxes. Real property tax payments received during 2010 for tangible personal property (other than public utility property) are for 2009 taxes.

Property taxes are levied after October 1, 2009 on the assessed values as of January 1, 2009, 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.

**VILLAGE OF CENTERBURG
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

Note 6 – Property Taxes (Continued)

Public utility property tax receipts received in 2010 represent the collection of 2009 taxes. Public utility real and tangible personal property taxes received in 2010 became a lien on December 31, 2009 were levied after October 1, 2009, 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 property taxes are no longer collected.

The full tax rate for all Village operations for the year ended December 31, 2010 was \$8.60 per \$1,000 of assessed value. The assessed values of real and personal property upon which 2010 property tax receipts were based are as follows:

Real Property	
Residential	\$ 18,036,990
Agricultural	78,270
Commercial/Ind/Mineral	4,742,820
Public Utility Property	645,110
Total Assessed Values	\$ 23,503,190

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

Prior to 2009, the Village belonged 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 was legally separate from its member governments.

On January 1, 2009, through an internal reorganization, the Plan created three separate non-profit corporations including:

- Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Risk Management Plan;
- Ohio Plan Healthcare Consortium, Inc. (OPHC) - formerly known as the Ohio Healthcare Consortium; and
- Ohio Plan, Inc. - mirrors the oversight function previously performed by the Board of Directors. The Board of Trustees consists of eleven (11) members that include appointed and elected officials from member organizations.

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
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

Note 7 – Risk Management (Continued)

Risk Pool Membership (Continued)

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 retains 40% (17.5% through October 31, 2010 and 15% through October 31, 2009) 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 761 and 725 members as of December 31, 2010 and 2009 respectively. The Village participates in this coverage.

The Plan 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 65 and 60 members as of December 31, 2010 and 2009 respectively. The Village does not participate in this coverage.

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 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: 2010 and 2009

	2010		2009	
	OPRM	OPHC	OPRM	OPHC
Assets	\$12,036,541	\$1,355,131	\$11,176,186	\$1,358,802
Liabilities	(4,845,056)	(1,055,096)	(4,852,485)	(1,253,617)
Members’ Equity	\$7,191,485	\$300,035	\$6,323,701	\$105,185

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

**VILLAGE OF CENTERBURG
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Plan Description – The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension 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. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, 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 Pension 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. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law and public safety employer units. Member contribution rates, as set in the Ohio Revised Code, are not to exceed 10 percent. For the year ended December 31, 2010, members in state and local classifications contributed 10 percent of covered payroll while public safety and law enforcement members contributed 10.5 percent and 11.1 percent, respectively. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan. For 2010, member and employer contribution rates were consistent across all three plans.

The Village's 2010 contribution rate was 14.0 percent, except for those plan members in law enforcement or public safety, for whom the Village's contribution was 17.87 percent of covered payroll. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2010, and 5 percent from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73 percent from January 1 through February 28, 2010, and 4.23 percent from March 1 through December 31, 2010. Employer contribution rates are actuarially determined.

The Village's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2010, 2009, and 2008 were \$32,396, \$36,017 and \$31,727, respectively; 100 percent has been contributed for 2010 and 100 percent for 2009 and 2008.

**VILLAGE OF CENTERBURG
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

Note 9 – Post Employment Benefits

Ohio Public Employees Retirement System

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost sharing, multiple employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented 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 or 800-222-7377.

Funding Policy – The post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010, state and local employers contributed at a rate of 14.0 percent of covered payroll, and public safety and law enforcement employers contributed at 17.87 percent. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units and 18.1 percent of covered payroll for law and public safety employer units.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2010, and 5 percent from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73 percent from January 1 through February 28, 2010, and 4.23 percent from March 1 through December 31, 2010.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

**VILLAGE OF CENTERBURG
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

Note 9 – Post Employment Benefits (Continued)

Ohio Public Employees Retirement System (Continued)

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2010, 2009, and 2008 were \$2,100, \$16,080 and \$15,864, respectively; 100 percent has been contributed for 2010 and 100 percent for 2009 and 2008.

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 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 on 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.

Note 10 – Debt

The Village's long-term debt activity for the year ended December 31, 2010, was as follows:

	Interest Rate	Balance December 31, 2009	Additions	Reductions	Balance December 31, 2010	Due Within One Year
<u>Governmental Activities</u>						
Town Hall Renovation	3.65%	\$ 60,170	\$ -	\$ 11,187	\$ 48,983	\$ 11,595
<u>Business-type Activities</u>						
OWDA Sewer Loan	8.35%	\$ 240,785	\$ -	\$ 46,384	\$ 194,401	\$ 50,257
OPWC Sewer Lines	0%	80,795	-	6,733	74,062	6,733
OPWC Willis Street	0%	13,922	-	994	12,928	994
OPWC Westside Water	0%	121,115	-	6,056	115,059	6,056
Lock Road Project	5.16%	108,145	-	28,280	79,865	29,738
WRF Planning & Des Loan	0%	-	192,199	-	192,199	-
Total Business-type Activities		\$ 564,762	\$ 192,199	\$ 88,447	\$ 668,514	\$ 93,778

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 for the property at Lock Road enabled the Village to purchase real estate for future construction of a new Water Reclamation Facility. A substantial payment was made in 2009 due to the sale of the house and 5 acres of property. The notes are backed by the full faith and credit of the Village and mature as indicated below:

**VILLAGE OF CENTERBURG
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

Note 10 – Debt (Continued)

Town Hall Renovation Note

Year	Principal	Interest
2011	\$ 11,595	\$ 1,787
2012	12,019	1,365
2013	12,457	925
2014	12,912	471
Totals	\$ 48,983	\$ 4,548

Lock Road Property

Year	Principal	Interest
2011	\$ 29,738	\$2,146
2012	29,738	2,592
2013	20,389	1,051
Totals	\$79,865	\$5,789

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.

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 20 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 20 years.

The Ohio Water Development Authority (OWDA) WRF Development Loan relates to the expense of planning and development for the new Water Reclamation Facility mandated by the Ohio EPA to be built on the Lock Road property. The loan is secured by sewer receipts. Semi-annual principal payments will be made until the loan is rolled into loans for the entire WRF once construction begins. In 2010, the Village drew down \$192,199 in funds of the total approved loan amount of \$550,000.

**VILLAGE OF CENTERBURG
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

Note 10 – Debt (Continued)

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

		OWDA Loan		OPWC Loans
Year		Principal	Interest	Principal
2011		\$ 50,257	\$ 16,233	\$ 13,783
2012		54,453	12,036	13,783
2013		59,000	7,489	13,783
2014		30,691	2,552	13,783
2015				13,783
2016-2020				68,915
2021-2025				40,989
2026- 2029				23,230
Totals		\$194,401	\$38,310	\$202,049

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, 2010, were an overall debt margin of \$2,467,835 and an unvoted debt margin of \$1,292,675.

Note 11– Interfund Transfers

During 2010 the following transfers were made:

Transfers from the General Fund to:	
Police Levy Fund	\$ 24
Water Fund	293
Sewer Fund	375
Total Transfers from the General Fund	\$ 692

Transfers to the Police Levy Fund and the Enterprise Funds from the General Fund were to allocate a portion of the interest earnings to these funds in 2010.

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 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.

VILLAGE OF CENTERBURG
KNOX COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)

Note 14 – Segment Reporting

The Enterprise Improvement Fund and Other Enterprise Funds in the Statement of Cash Receipts, Disbursements and Changes in Fund Net Assets are reported in the Statement of Activities as a part of the Sewer Operating Segment and Water Operating Segment, respectively.

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Dave Yost • 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, 2010, 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(A) mandates 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 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 black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "Y" and "O".

Dave Yost
Auditor of State

April 30, 2012



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
MAY 24, 2012