

VILLAGE OF GETTYSBURG

DARKE COUNTY

REGULAR AUDIT

JANUARY 1, 2006 THROUGH DECEMBER 31, 2007

YEARS AUDITED UNDER GAGAS: 2007 AND 2006

CAUDILL & ASSOCIATES CPA's

725 5th Street
Portsmouth, Ohio 45662



Mary Taylor, CPA

Auditor of State

Village Council
Village of Gettysburg
216 High Street
Gettysburg, Ohio 45328

We have reviewed the *Independent Auditor's Report* of the Village of Gettysburg, Darke County, prepared by Caudill & Associates, CPA's, for the audit period January 1, 2006 through December 31, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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

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

Mary Taylor, CPA
Auditor of State

July 3, 2008

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**VILLAGE OF GETTYSBURG
DARKE COUNTY**

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Caudill & Associates, CPA's

725 5th Street
Portsmouth, OH 45662

Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants
Kentucky Society of Certified Public Accountants

Independent Auditor's Report

Village Council
Village of Gettysburg
Darke County
216 High Street
Gettysburg, Ohio 45328

We have audited the accompanying financial statements of the Village of Gettysburg (The Village), Darke County, Ohio, as of and for the years ended December 31, 2007 and 2006. 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 the Comptroller General of the United States *Government Auditing Standards*. 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 described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2007 and 2006. Instead of the combined funds the accompanying financial statements present for 2007 and 2006, the revisions require presenting entity wide statements and also presenting its larger (i.e. major) funds separately for 2007 and 2006. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to reformat its statements. Since this Village does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2007 and 2006, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2007 and 2006, or its changes in financial position or cash flows of its proprietary funds for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village as of December 31, 2007 and 2006, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the years ended December 31, 2007 and 2006. The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 11, 2008, 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Caudill & Associates, CPA's

Caudill & Associates, CPA's

April 11, 2008

**VILLAGE OF GETTYSBURG
DARKE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Governmental Funds Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
<u>Cash Receipts:</u>				
Property and Other Taxes	\$ 18,625	\$ 17,932	\$ -	\$ 36,557
Intergovernmental	74,431	30,507	440,695	545,633
Licenses, Fines, and Permits	1,219	-	-	1,219
Earnings on Investments	668	-	-	668
Special Assessments	-	20	-	20
Miscellaneous	530	7,517	-	8,047
Total Cash Receipts	<u>95,473</u>	<u>55,976</u>	<u>440,695</u>	<u>592,144</u>
<u>Disbursements:</u>				
General Government	34,269	1,246	-	35,515
Security of Persons and Property	23,689	19,017	-	42,706
Public Health	1,984	-	-	1,984
Leisure Time Activities	3,000	4,873	-	7,873
Community Environment	4,397	-	-	4,397
Basic Utility Services	4,773	-	-	4,773
Transportation	18,716	7,714	-	26,430
Capital Outlay	2,760	13,807	506,195	522,762
Debt Service:				-
Redemption of Principal	-	3,663	-	3,663
Interest and Other Fiscal Charges	-	-	-	-
Total Cash Disbursements	<u>93,588</u>	<u>50,320</u>	<u>506,195</u>	<u>650,103</u>
<u>Other Financing Receipts and (Disbursements):</u>				
Sale of Notes	-	-	68,000	68,000
Total Other Financing Receipts/(Disbursements)	<u>-</u>	<u>-</u>	<u>68,000</u>	<u>68,000</u>
Total Receipts Over/ (Under) Disbursements	<u>1,885</u>	<u>5,656</u>	<u>2,500</u>	<u>10,041</u>
Fund Cash Balance, January 1	<u>32,788</u>	<u>34,079</u>	<u>-</u>	<u>66,867</u>
Fund Cash Balance, December 31	<u>\$ 34,673</u>	<u>\$ 39,735</u>	<u>2,500</u>	<u>\$ 76,908</u>

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

**VILLAGE OF GETTYSBURG
DARKE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Proprietary Fund Type</u>
	Enterprise
<u>Operating Cash Receipts:</u>	
Charges for Services	\$ 118,752
Special Assessments	320
Total Operating Cash Receipts	119,072
<u>Operating Cash Disbursements:</u>	
Personal Services	23,507
Employee Fringe Benefits	8,721
Contractual Services	70,983
Supplies and Materials	11,767
Other	966
Total Operating Cash Disbursements	115,944
Operating Income/(Loss)	3,128
<u>Non-Operating Cash Receipts:</u>	
Special Assessments	2,911
Earnings on Investments	3,862
Total Non-Operating Cash Receipts	6,773
<u>Non-Operating Cash Disbursements:</u>	
Debt Service:	
Redemption of Principal	(31,571)
Interest and Other Fiscal Charges	(1,481)
Other Non-Operating Disbursements/Capital Outlay	(5,996)
Total Non-Operating Cash Disbursements	(39,048)
Net Cash Receipts Over/(Under) Cash Disbursements	(29,147)
<u>Other Financing Receipts and (Disbursements):</u>	
Advances In	10,340
Advances Out	(10,340)
Total Other Financing Receipts/(Disbursements)	-
Excess of Cash Receipts and Other Financing Receipts Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(29,147)
Fund Cash Balance, January 1	115,851
Fund Cash Balance, December 31	\$ 86,704

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

VILLAGE OF GETTYSBURG
DARKE COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Governmental Funds Types</u>			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
<u>Cash Receipts:</u>				
Property and Other Taxes	\$ 17,205	\$ 16,437	\$ -	\$ 33,642
Intergovernmental	105,520	30,230	188,613	324,363
Licenses, Fines, and Permits	1,366	-	-	1,366
Earnings on Investments	663	403	-	1,066
Miscellaneous	1,402	4,099	-	5,501
Total Cash Receipts	<u>126,156</u>	<u>51,169</u>	<u>188,613</u>	<u>365,938</u>
<u>Disbursements:</u>				
General Government	40,331	1,116	-	41,447
Security of Persons and Property	24,831	17,710	-	42,541
Public Health	1,978	-	-	1,978
Leisure Time Activities	3,000	3,994	-	6,994
Community Environment	11,433	-	-	11,433
Transportation	13,974	8,290	-	22,264
Capital Outlay	-	150	238,613	238,763
Debt Service:				
Redemption of Principal	-	8,618	-	8,618
Interest and Other Fiscal Charges	-	65	-	65
Other	-	-	-	-
Total Cash Disbursements	<u>95,547</u>	<u>39,943</u>	<u>238,613</u>	<u>374,103</u>
<u>Other Financing Receipts and (Disbursements):</u>				
Sale of Notes	-	-	50,000	50,000
Total Other Financing Receipts/(Disbursements)	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>50,000</u>
Total Receipts Over (Under) Disbursements	<u>30,609</u>	<u>11,226</u>	<u>-</u>	<u>41,835</u>
Fund Cash Balance, January 1	<u>2,179</u>	<u>22,853</u>	<u>-</u>	<u>25,032</u>
Fund Cash Balance, December 31	<u>\$ 32,788</u>	<u>\$ 34,079</u>	<u>\$ -</u>	<u>\$ 66,867</u>

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

**VILLAGE OF GETTYSBURG
DARKE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Proprietary Fund Type
	Enterprise
<u>Operating Cash Receipts:</u>	
Charges for Services	\$ 120,357
Total Operating Cash Receipts	120,357
<u>Operating Cash Disbursements:</u>	
Personal Services	25,489
Contractual Services	57,209
Supplies and Materials	37,516
Other	966
Total Operating Cash Disbursements	121,180
Operating Income/(Loss)	(823)
<u>Non-Operating Cash Receipts</u>	
Earnings on Investments	3,253
Miscellaneous	3,862
Total Non-Operating Cash Receipts	7,115
<u>Non-Operating Cash Disbursements:</u>	
Debt Service:	
Redemption of Principal	(34,027)
Interest and Other Fiscal Charges	(1,525)
Total Non-Operating Cash Disbursements	(35,552)
Net Cash Receipts Over/(Under) Cash Disbursements	(29,260)
Fund Cash Balance, January 1	145,111
Fund Cash Balance, December 31	\$ 115,851

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

**VILLAGE OF GETTYSBURG
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Gettysburg, Darke County, (the Village) as a body corporate and politic. A publicly-elected six-member Council governs the Village. The Village provides general government services including water, sewer, refuse service, and fire protection services.

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 the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements adequately disclose material matters the Auditor of State prescribes.

C. Cash and Investments

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

The Village values certificates of deposit at cost.

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 reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Fund

These funds 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:

State Highway Improvement Fund – This fund receives intergovernmental share revenue to maintain, repair and improve State Highway.

Permissive Tax Fund – This fund receives motor vehicle license tax money for construction, maintenance and repair of Village streets.

**VILLAGE OF GETTYSBURG
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fire District Fund – This fund receives the proceeds of a property tax levy for maintenance of the Village Fire Department.

3. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project funds:

Grant Construction Fund – This fund receives grant and loan proceeds for the purpose of evaluating and constructing a water treatment system.

4. Enterprise Funds:

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

Water Revenue Fund – This fund receives cash receipts from water sales to Village residents. Water system operating cash disbursements are made from this fund.

Sewer Revenue Fund – This fund receives cash receipts from sewer operations within the Village. Sewer system operating cash disbursements are made from this fund.

Trash Collection Fund – Beginning in 2006, this fund receives cash receipts from trash and garbage collection within the Village. Basic Utility Service cash disbursements are made from this fund.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. Village 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 cash as of January 1. The County Budget Commission must also approve estimated resources.

**VILLAGE OF GETTYSBURG
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

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 have outstanding encumbrances at year-end.

A summary of 2007 and 2006 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.

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2007</u>	<u>2006</u>
Demand deposits	\$105,093	\$107,252
Star Ohio	\$58,415	\$64,083
Certificate of Deposit	\$104	\$11,383
Total deposits	<u>\$163,612</u>	<u>\$182,718</u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or collateralized by the financial institution's public entity deposit pool

**VILLAGE OF GETTYSBURG
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2007 and 2006 follows:

2007 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$105,211	\$95,473	(\$9,738)
Special Revenue	89,119	55,976	(33,143)
Capital Projects	507,387	508,695	1,308
Enterprise Funds	133,121	136,185	3,064
Total	<u>\$834,838</u>	<u>\$796,329</u>	<u>(\$38,509)</u>

2007 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$106,675	\$93,588	\$13,087
Special Revenue	79,009	50,320	28,689
Capital Projects	507,387	506,195	1,192
Enterprise Funds	200,319	165,332	34,987
Total	<u>\$893,390</u>	<u>\$815,435</u>	<u>\$77,955</u>

2006 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$137,391	\$126,156	(\$11,235)
Special Revenue	43,039	51,169	8,130
Capital Projects	620,000	238,613	(381,387)
Enterprise Funds	127,066	127,472	406
Total	<u>\$927,496</u>	<u>\$543,410</u>	<u>(\$384,086)</u>

2006 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$108,361	\$95,547	\$12,814
Special Revenue	63,356	39,943	23,413
Capital Projects	620,000	238,613	381,387
Enterprise Funds	187,464	156,732	30,732
Total	<u>\$979,181</u>	<u>\$530,835</u>	<u>\$448,346</u>

**VILLAGE OF GETTYSBURG
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Board of Trustees adopts tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The State pays the Village amounts equaling these deductions. The Village includes these with Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half payment is due December 31. The second half payment is due the following June 20.

Property owners assess tangible personal property tax. They must file a list of tangible property to the County by each April 30. The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on the Village's behalf.

5. DEBT

Debt outstanding at December 31, 2007 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OPWC Loan – Wellsite & Wells CK720	\$200,000	0.00%
VCIF/OWDA – Water Treatment #3675	72,331	2.00%
OPWC – Water Treatment – CT42F	148,853	0.00%
OPWC Loan – Bridge St Phase I CT29G	29,974	0.00%
OPWC Loan – Bridge St Phase II CT36H	33,250	0.00%
OPWC Bridge Street III – CK05J	38,000	0.00%
WPCLF Surplus Fund OWDA #4808	<u>102,500</u>	0.00%
	<u>\$624,908</u>	

The OPWC Loan – Wellsite & Wells CK720 was for the well field replacement project. Payments are due semiannual in the amount of \$10,000 with final payment January 1, 2018.

The OPWC – Water Treatment CT42F loan was for the construction of a new water treatment plant for the Village. Semiannual payments are due in the amount of \$4,652, with final payment January 1, 2024.

The OPWC Loans Bridge Street Phase I, Phase II, and Phase III consist of three loans for the Phase I, II, and III bridge street project. Payments are due semiannual in the amount of \$882, \$950, respectively with final payments due January 1, 2028.

The VCIF/OWDA – Water Treatment #3676 loan is for the study and construction of a water treatment plant for the Village. The Village was approved \$100,000 in loan proceeds. The Village returned \$15,735 of unused loan proceeds, reducing the original loan to \$84,265. The loan will be repaid in semiannual installments of \$1,874 including interest over 30 years, with final payment July 1, 2032. The loan is to be repaid from the Village's water revenues.

The WPCLF Surplus Fund OWDA #4808 loan was for the engineering services on the waste water treatment plant. The Village was approved for \$1,363,854 in 2007. The Village used this loan to pay off outstanding OWDA loan of \$102,500 in 2007. Funds will be disbursed to pay contractors for the new waste water treatment plant. Payments will be made in 10 annual installments commencing approximately two years following the loan award.

**VILLAGE OF GETTYSBURG
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006**

5. DEBT (Continued)

Amortization of the above debt, including interest, follows:

<u>Year ending December 31:</u>	<u>Principal</u>	<u>Interest</u>
2008	\$37,180	\$1,435
2009	37,226	1,389
2010	37,274	1,341
2011	37,322	1,293
2012	37,371	1,243
2013-2017	187,634	5,441
2018-2022	89,025	4,050
2023-2027	41,964	2,512
2028-2032	<u>119,912</u>	<u>814</u>
Total	<u>\$624,908</u>	<u>\$19,518</u>

6. RETIREMENT SYSTEMS

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

Contribution rates are also prescribed by the Ohio Revised Code. OPERS members were required to contribute 9.0 and 9.5 percent of their gross salaries, and the Village was required to contribute an amount equal to 13.70 and 13.85 percent of participants' gross salaries for 2006 and 2007 respectively. The Village has paid all contributions required through December 31, 2007.

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- i. Comprehensive property and general liability
- ii. Vehicles
- iii. Errors and omissions

8. COMPLIANCE

Contrary to Ohio Rev. Code Section 5705.36, appropriations for the Capital Project Fund exceeded the amount available for appropriation at the fund level in 2006.

Contrary to Ohio Rev. Code Section 5705.39, appropriations exceeded total estimated resources in the Sewer Operating Fund in 2007.

Contrary to Ohio Rev. Code Section 5705.41(B) expenditures exceeded appropriations in the various funds tested in 2006 and 2007 at the legal level of control.

9. ADVANCES

An advance of \$10,340 was made from the water fund to the sewer fund in 2007.

Caudill & Associates, CPA's

725 5th Street
Portsmouth, OH 45662

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Kentucky Society of Certified Public Accountants

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Village Council
Village of Gettysburg
216 High Street
Gettysburg, Ohio 45328

We have audited the accompanying financial statements of The Village of Gettysburg (the Village), Darke County, as of and for the years ended December 31, 2007 and 2006, which collectively comprise the Village's financial statements, and have issued our report thereon dated April 11, 2008, wherein we noted the Village follows accounting practices the Auditor of States prescribes or permits rather than accounting principles generally accepted in the United States of America. 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.

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 auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that a misstatement of the Village's financial statements that is more than inconsequential will not be prevented or detected by the Village's internal control. We consider the following deficiency described in the accompanying schedule of findings and responses to be a significant deficiency in internal control over financial reporting as item 2007-004.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Village's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. We consider the following deficiency described in the accompanying schedule of findings and responses to be a material weakness in internal control over financial reporting as item 2007-004.

Village of Gettysburg
Darke County

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 and Responses as items No. 2007-001, 2007-002, and 2007-003.

The Village's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. We did not audit the Village's responses and, accordingly, we express no opinion on them.

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

Caudill & Associates, CPA's

Caudill & Associates, CPA's
April 11, 2008

**VILLAGE OF GETTYSBURG
DARKE COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2007 AND 2006**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2007-001

Noncompliance Citation – Ohio Rev. Code Section 5705.36

Ohio Rev. Code Section 5705.36 states that upon determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the fiscal officer shall certify the amount of the deficiency to the commission, and the commission shall certify an amended certificate reflecting the deficiency.

Notification of reduced receipts, resulting in resources below the level of current appropriations, was not made to the commission as required. Appropriations were greater than resources available for the Capital Project Fund in 2006.

We recommend the Village monitor budgetary financial reports throughout the year to prevent, appropriations from exceeding available resources.

Village Response:

The Clerk/Treasurer will secure an amended certificate of estimated resources when it is determined that estimated receipts will be less than actual receipts.

FINDING NUMBER 2007-002

Noncompliance Citation – Ohio Rev. Code Section 5705.39

Ohio Rev. Code Section 5705.39 states that the total appropriations from each fund shall not exceed the total estimated revenue.

Appropriations exceeded total estimated resources in the Sewer Operating Fund in 2007.

We recommend the Clerk/Treasurer monitor the Village's estimated resources versus appropriations. The Village should develop sound budgetary procedures as to prevent appropriations to exceed the total estimated resources as certified by the county auditor.

Village Response:

The Clerk/Treasurer will monitor the Village's estimated resources versus appropriations on a regular basis.

**VILLAGE OF GETTYSBURG
DARKE COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2007 AND 2006**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2007-003

Noncompliance Citation – Ohio Rev. Code Section 5705.41 (B)

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

Contrary to this requirement, disbursements exceeded appropriations in various funds tested in 2006 and 2007 at the legal level of control.

We recommend the Village monitor budgetary financial reports throughout the year to prevent budgetary expenditures from exceeding appropriations at the legal level of control.

Village Response:

The Village Clerk will deny payment requests and not certify the availability of funds exceeding appropriations.

FINDING NUMBER 2007-004

Significant Deficiency/Material Weakness – System Discrepancies

Estimated receipts and appropriations should be posted to the accounting system so that they reflect Council approved amounts per the Certificate of Estimated Resources and the Appropriation Ordinance.

We noted several discrepancies between the approved amounts and the amounts entered into the system for various funds tested. This could result in misstatements in the Village's budgetary statements and lead to inaccurate financial decisions made by Village Council and management.

We recommend the Clerk/Treasurer post appropriations to reflect the appropriations approved by the Village Council in an accurate and timely manner and the Clerk/Treasurer ensure all estimated receipts posted to the system reflect the amounts on the Certificate of Estimated Resources.

Village Response:

The Clerk/Treasurer will post appropriations and estimated receipts to reflect those approved by Council.



Mary Taylor, CPA
Auditor of State

VILLAGE OF GETTYSBURG

DARKE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 17, 2008**