

VILLAGE OF GETTYSBURG

DARKE COUNTY

SINGLE AUDIT

JANUARY 1, 2008 THROUGH DECEMBER 31, 2008

YEARS AUDITED UNDER GAGAS: 2008

Caudill & Associates, CPAs

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Mary Taylor, CPA

Auditor of State

Members of 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, 2008 through December 31, 2008. 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

April 26, 2010

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VILLAGE OF GETTYSBURG
DARKE COUNTY

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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 year ended December 31, 2008. 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 year ended December 31, 2008. Instead of the combined funds the accompanying financial statements present for 2008, the revisions require presenting entity wide statements and also presenting its larger (i.e. major) funds separately for 2008. 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 year ended December 31, 2008, 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, 2008, or its changes in financial position or cash flows of its proprietary funds for the year 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, 2008, and its combined cash receipts and disbursements for the year then ended on the accounting basis Note 1 describes.

Village of Gettysburg
Darke County
Independent Auditor's Report

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the year ended December 31, 2008. 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 January 29, 2010, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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.

Our audit was conducted for the purpose of forming opinions on financial statements that collectively comprise the Village of Gettysburg's basic financial statements. The accompanying schedule of expenditure of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of State and Local Governments and Not-For Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Caudill & Associates, CPAs

Caudill & Associates, CPA's

January 29, 2010

**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, 2008**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
<u>Cash Receipts:</u>				
Property and Other Taxes	\$ 17,712	\$ 17,065	\$ -	\$ 34,777
Intergovernmental	75,574	30,600	1,105,000	1,211,174
Licenses, Fines, and Permits	1,249	-	-	1,249
Earnings on Investments	2,111	-	-	2,111
Miscellaneous	1,365	3,415	-	4,780
Total Cash Receipts	<u>98,011</u>	<u>51,080</u>	<u>1,105,000</u>	<u>1,254,091</u>
<u>Cash Disbursements:</u>				
General Government	40,911	1,278	-	42,189
Security of Persons and Property	25,410	18,299	-	43,709
Public Health	1,995	-	-	1,995
Leisure Time Activities	3,000	6,245	-	9,245
Community Environment	3,392	-	-	3,392
Transportation	16,409	14,454	-	30,863
Capital Outlay	2,225	-	2,341,097	2,343,322
Debt Service:				-
Redemption of Principal	-	5,563	-	5,563
Total Cash Disbursements	<u>93,342</u>	<u>45,839</u>	<u>2,341,097</u>	<u>2,480,278</u>
Total Receipts Over (Under) Disbursements	<u>4,669</u>	<u>5,241</u>	<u>(1,236,097)</u>	<u>(1,226,187)</u>
<u>Other Financing Receipts and (Disbursements):</u>				
Other Debt Proceeds	-	-	1,234,251	1,234,251
Transfer Out	(1,676)	-	-	(1,676)
Total Other Financing Receipts/(Disbursements)	<u>(1,676)</u>	<u>-</u>	<u>1,234,251</u>	<u>1,232,575</u>
Excess of Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	<u>2,993</u>	<u>5,241</u>	<u>(1,846)</u>	<u>6,388</u>
Fund Cash Balance, January 1	<u>34,673</u>	<u>39,735</u>	<u>2,500</u>	<u>76,908</u>
Fund Cash Balance, December 31	<u>\$ 37,666</u>	<u>\$ 44,976</u>	<u>\$ 654</u>	<u>\$ 83,296</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, 2008**

	Proprietary Fund Type
	Enterprise
<u>Operating Cash Receipts:</u>	
Charges for Services	\$ 186,012
Total Operating Cash Receipts	186,012
<u>Operating Cash Disbursements:</u>	
Personal Services	24,819
Employee Fringe Benefits	3,705
Contractual Services	61,550
Supplies and Materials	23,844
Other	966
Total Operating Cash Disbursements	114,884
Operating Income/(Loss)	71,128
<u>Non-Operating Cash Receipts</u>	
Miscellaneous	3,851
Total Non-Operating Cash Receipts	3,851
<u>Non-Operating Cash Disbursements:</u>	
Debt Service:	
Redemption of Principal	(31,617)
Interest and Other Fiscal Charges	(1,435)
Other Non-Operating Disbursements/Capital Outlay	(16,198)
Total Non-Operating Cash Disbursements	(49,250)
Net Cash Receipts Over Cash Disbursements	25,729
<u>Other Financing Receipts (Disbursements):</u>	
Transfers In	1,676
Advance In	5,000
Advance Out	(5,000)
Total Other Financing Receipts (Disbursements)	1,676
Excess of Cash Receipts and Other Financing Receipts Receipts Over Cash Disbursements and Other Financing Disbursements	27,405
Fund Cash Balance, January 1	86,704
Fund Cash Balance, December 31	\$ 114,109

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, 2008**

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:

Street Construction and Maintenance Fund – This fund receives intergovernmental revenue to maintain, repair and improve Streets and Highways.

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, 2008**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Funds – These funds receives grant and loan proceeds for the purpose of evaluating and constructing a waste water transportation 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 – 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, 2008**

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 2008 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>2008</u>
Demand deposits	<u>\$132,304</u>
Star Ohio	\$54,959
Certificate of Deposit	<u>\$10,137</u>
Total deposits	<u><u>\$197,400</u></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, 2008**

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2008 follows:

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$112,291	\$98,011	(\$14,280)
Special Revenue	176,654	51,080	(125,574)
Capital Projects	2,223,853	2,339,251	115,398
Enterprise Funds	216,348	191,539	(24,809)
Total	\$2,729,146	\$2,679,881	(\$49,265)

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$104,021	\$95,018	\$9,003
Special Revenue	81,236	45,839	35,397
Capital Projects	2,223,853	2,341,097	(117,244)
Enterprise Funds	166,240	164,134	2,106
Total	\$2,575,350	\$2,646,088	(\$70,738)

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Village Council 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.

**VILLAGE OF GETTYSBURG
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008**

5. DEBT

Debt outstanding at December 31, 2008 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OPWC Loan – Wellsite & Wells CK720	\$180,000	0.00%
VCIF/OWDA – Water Treatment #3675	70,017	2.00%
OPWC – Water Treatment – CT42F	139,550	0.00%
OPWC Loan – Bridge St Phase I CT29G	28,211	0.00%
OPWC Loan – Bridge St Phase II CT36H	31,350	0.00%
OPWC Bridge Street III – CK05J	36,100	0.00%
WPCLF Surplus Fund OWDA #4808	1,283,755	0.00%
OPWC Loan – Central Wastewater Collection – CT21K	<u>52,996</u>	0.00%
	<u>\$1,821,979</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 #3675 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.

The OPWC – Central Wastewater Collection and Transportation – CT21K was for the installation, repair and transportation of waste water for the Village. This loan is still in disbursement stages and is subject to change. As of the audit report date, semiannual payments are due in the amount of \$2,667, with final payment in July 1, 2039.

**VILLAGE OF GETTYSBURG
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008**

5. DEBT (Continued)

Amortization of the above debt, including interest, follows:

<u>Year Ending December 31:</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 37,227	\$ 1,389
2010	167,388	1,341
2011	167,436	1,293
2012	167,485	1,243
2013	167,536	1,193
2014-2018	818,466	5,174
2019-2023	226,385	3,754
2024-2028	37,460	2,185
2029-2033	21,300	510
2034-2038	8,688	510
2039	2,608	510
Total	<u>\$ 1,821,979</u>	<u>\$ 19,102</u>

6. RETIREMENT SYSTEMS

The Village's part-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 10 percent of their gross salaries, and the Village was required to contribute an amount equal to 14 percent of participants' gross salaries for 2008. The Village has paid all contributions required through December 31, 2008.

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 several of the Capital Project Funds exceeded the amount available for appropriation in 2008.

Contrary to Ohio Rev. Code Section 5705.41(B) expenditures exceeded appropriations in the Capital Projects Fund and Enterprise Funds in 2008 at the legal level of control.

**VILLAGE OF GETTYSBURG
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008**

9. ADVANCES

An advance of \$5,000 was made from the Sewer – Debt Service to the Sewer fund and was repaid in 2008.



Caudill & Associates, CPAs

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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 year ended December 31, 2008, which collectively comprise the Village's financial statements, and have issued our report thereon dated January 29, 2010, 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 on 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.

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 deficiencies in internal control such that there is a reasonable possibility that material financial statement misstatements 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 would not necessarily identify all deficiencies in internal control 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. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider a significant deficiency in internal control over financial reporting. We consider finding 2008-003 to be a significant deficiency. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 reasonably assuring whether the Government'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 instances of noncompliance or other matters we must report under Government Auditing Standards which are described in the accompanying schedule of findings and questioned costs as items 2008-001, and 2008-002.

We also noted certain noncompliance or other matters that we reported in a separate letter dated January 29, 2010.

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

This report is intended solely for the information and use of management, Village Council, Federal Awarding Agencies and pass-through entities and is not intended to be and shall not be used by anyone other than these specified parties.

Caudill & Associates, CPA's

Caudill & Associates, CPA's
January 29, 2010



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Report on Compliance with Requirements Applicable to each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

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

Compliance

We have audited the compliance of Village of Gettysburg, Darke County, Ohio (the “Village”) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended December 31, 2008. The Village’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Village’s management. Our responsibility is to express an opinion on the Village’s compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Village’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Village’s compliance with those requirements.

In our opinion, the Village of Gettysburg complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2008. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with *OMB Circular A-133* which is described in the accompanying schedule of findings and questioned cost as item 2008-004.

Members of The Village Council
Village of Gettysburg

Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control
Over Compliance in Accordance with OMB Circular A-133

Internal Control Over Compliance

The management of the Village of Gettysburg is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Village's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance but not for the purpose of expressing an opinion on the effectiveness of internal controls over compliance. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance 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 or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

However, we noted a matter involving the internal control over federal noncompliance not requiring inclusion in this report, that we reported to the Village's management in a separate letter dated January 29, 2010.

This report is intended solely for the information and use of the Village of Gettysburg management, Village Council, federal awarding agencies, and pass-through entities 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
January 29, 2010

**VILLAGE OF GETTYSBURG
DARKE COUNTY**

Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2008

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<u>United States Department of Housing and Urban Development</u>			
<i>Passed through the Ohio Department of Development</i>			
Community Development Block Grant	C-W-07-234-1	14.228	\$ 564,346
Community Development Block Grant	B-F-06-018-1	14.228	220,000
Total U.S. Department of Housing and Urban Development			<u>\$ 784,346</u>
Total Federal Awards			<u><u>\$ 784,346</u></u>

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

**VILLAGE OF GETTYSBURG
DARKE COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2008**

NOTE A - BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) summarizes activity of the Village's federal award programs. The Schedule has been prepared on the cash basis of accounting.

NOTE B – MATCHING REQUIREMENTS

Certain Federal programs require that the Village contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Village has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.

**VILLAGE OF GETTYSBURG
DARKE COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 §.505
FOR THE YEAR ENDED DECEMBER 31, 2008**

1. SUMMARY OF AUDITOR'S RESULTS
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<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other Significant Control Deficiency(ies) reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iii)</i>	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiency(ies) in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	Yes
<i>(d)(1)(vii)</i>	Major Programs (list):	<i>Community Development Block Grant: CFDA 14.228</i>
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

**VILLAGE OF GETTYSBURG
DARKE COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 §.505
FOR THE YEAR ENDED DECEMBER 31, 2008**

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2008-001

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 several of the Capital Project Funds and Enterprise Funds at the fund level in 2008.

We recommend the Village monitor budgetary financial reports throughout the year to prevent budgetary expenditures 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 2008-002

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 the capital project funds and enterprise funds in 2008.

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.

**VILLAGE OF GETTYSBURG
DARKE COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 §.505
FOR THE YEAR ENDED DECEMBER 31, 2008**

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2008-003

Classification of Revenue – Significant Deficiency

Debt proceeds were improperly coded according to Auditor of State (AOS) Standards, requiring a material adjustment to properly reflect the activity of the Village for 2008.

All revenues should be posted in accordance with the Auditor of State Revenue Codes. Failure to post receipts to the correct funds could result in material misstatements on the financial statements.

We recommend procedures be implemented to help assure that all receipts are posted to the proper revenue code according to the AOS Village Handbook codes to assure proper classification of revenues.

Village Response:

The Village will be more careful when posting receipts and will seek support from Auditor of State when needed.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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FINDING NUMBER 2008-004

Noncompliance Citation – Federal Program Report Submission

OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations Section .320(a) states “The audit shall be completed and the data collection form described in paragraph (b) of this section and reporting package described in paragraph (c) of this section shall be submitted within the earlier of 30 days after receipt of the auditor's report(s), or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audit.

The Village did not complete the single audit within the required time frame, nor obtained an agreement in advance for an extension from the cognizant or oversight agency.

We recommend that management notify auditors in a timely manner to meet compliance requirements for all federal programs that qualify as a single audit, and become familiar with the requirements of the U.S. Department of Management and Budget Circular A-133, *Audits of State and Local Governments, and Non-Profit Organizations*.

Village Response:

The Village will implement procedures to assure that reporting requirements for federal funds are followed.

Village of Gettysburg
Darke County
Schedule of Prior Audit Findings
For the Fiscal Year Ended December 31, 2008

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2007-001	Ohio Revised Code 5705.36, Failure to secure an amended estimated resource when estimated receipts were less than actual receipts	No	Repeated as Finding 2008-001
2007-002	Ohio Revised Code 5705.39, Total appropriations exceeded estimated resources	Yes	N/A
2007-003	Ohio Revised Code 5705.41 (B), Expenditures exceed appropriations at the legal level of control	No	Repeated as Finding 2008-002
2007-004	System Discrepancies – Failure to properly record amended appropriations and estimated resources to accounting system.	Yes	N/A

**VILLAGE OF GETTYSBURG
DARKE COUNTY, OHIO
FOR THE YEAR ENDED DECEMBER 31, 2008**

**CORRECTIVE ACTION PLAN
*OMB CIRCULAR A-133 §.315(C)***

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2008-004	<p>(1) The Fiscal Officer will notify auditors immediately when federal disbursements exceed \$500,000 within one fiscal year.</p> <p>(2) The Fiscal Officer will work diligently with the Grant Coordinator to assure compliance and other pertinent matters.</p> <p>(3) The Fiscal Officer will become more familiar with requirements of <i>OMB Circular A-133</i>.</p> <p>(4) The Fiscal Officer will contact appropriate personnel when questions arise, and will utilize help resources.</p> <p>(5) The Fiscal Officer will contact cognizant or oversight agency for an extension or modifications if deemed necessary.</p>	<p>(1) February 2010 (2) April 2010 (3) June 2010 (4) February 2010 (5) April 2010</p>	Esther Clark



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
MAY 6, 2010**