



Dave Yost • Auditor of State

VILLAGE OF GETTYSBURG
DARKE COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Mayor and Village Council:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1B of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2015 and 2014, or changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Gettysburg, Darke County as of December 31, 2015 and 2014, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1B.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 11, 2017, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

January 11, 2017

**VILLAGE OF GETTYSBURG
DARKE COUNTY**

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

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:				
Property and Other Local Taxes	\$18,713	\$21,548		\$40,261
Intergovernmental	37,608	30,555	\$46,250	114,413
Charges for Services	1,502		136	1,638
Fines, Licenses and Permits	3,507			3,507
Earnings on Investments	108			108
Miscellaneous	432	10,458	15,778	26,668
Total Cash Receipts	<u>61,870</u>	<u>62,561</u>	<u>62,164</u>	<u>186,595</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	12,028	28,009		40,037
Public Health Services	1,650			1,650
Leisure Time Activities	325	10,519	5,857	16,701
Transportation	6,335	15,342		21,677
General Government	31,974	475	2,247	34,696
Capital Outlay			46,250	46,250
Debt Service:				
Principal Retirement		5,563	6,635	12,198
Interest and Fiscal Charges			2,214	2,214
Total Cash Disbursements	<u>52,312</u>	<u>59,908</u>	<u>63,203</u>	<u>175,423</u>
Excess of Receipts Over (Under) Disbursements	<u>9,558</u>	<u>2,653</u>	<u>(1,039)</u>	<u>11,172</u>
Other Financing Receipts (Disbursements):				
Transfers In			26,200	26,200
Transfers Out	(26,200)			(26,200)
Advances In	26,200			26,200
Advances Out			(26,200)	(26,200)
Total Other Financing Receipts (Disbursements)	<u>0</u>		<u>0</u>	<u>0</u>
Net Change in Fund Cash Balances	9,558	2,653	(1,039)	11,172
Fund Cash Balances, January 1	<u>6,415</u>	<u>38,551</u>	<u>2,077</u>	<u>47,043</u>
Fund Cash Balances, December 31:				
Restricted		41,204		41,204
Committed			1,038	1,038
Assigned	14,737			14,737
Unassigned (Deficit)	1,236			1,236
Fund Cash Balances, December 31	<u>\$15,973</u>	<u>\$41,204</u>	<u>\$1,038</u>	<u>\$58,215</u>

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

**VILLAGE OF GETTYSBURG
DARKE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Enterprise
Operating Cash Receipts:	
Charges for Services	\$272,489
Total Operating Cash Receipts	272,489
Operating Cash Disbursements:	
Personal Services	17,863
Employee Fringe Benefits	3,136
Contractual Services	138,010
Supplies and Materials	27,052
Other	1,287
Total Operating Cash Disbursements	187,348
Operating Income (Loss)	85,141
Non-Operating Receipts (Disbursements):	
Special Assessments	115
Principal Retirement	(102,822)
Interest and Other Fiscal Charges	(1,089)
Total Non-Operating Receipts (Disbursements)	(103,796)
Net Change in Fund Cash Balances	(18,655)
Fund Cash Balances, January 1	147,196
Fund Cash Balances, December 31	\$128,541

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

**VILLAGE OF GETTYSBURG
DARKE COUNTY**

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

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:				
Property and Other Local Taxes	\$17,605	\$20,279		\$37,884
Intergovernmental	34,329	32,896		67,225
Fines, Licenses and Permits	3,583			3,583
Earnings on Investments	101			101
Miscellaneous	2,266	10,004	20,030	32,300
Total Cash Receipts	<u>57,884</u>	<u>63,179</u>	<u>20,030</u>	<u>141,093</u>
Cash Disbursements:				
Current:				
Security of Persons and Property		48,785		48,785
Public Health Services	1,661			1,661
Leisure Time Activities		16,165	4,757	20,922
Transportation	6,587	21,644		28,231
General Government	36,587	516	59,000	96,103
Capital Outlay			921	921
Debt Service:				
Principal Retirement		5,563	6,415	11,978
Interest and Fiscal Charges			2,434	2,434
Total Cash Disbursements	<u>44,835</u>	<u>92,673</u>	<u>73,527</u>	<u>211,035</u>
Excess of Receipts Over (Under) Disbursements	<u>13,049</u>	<u>(29,494)</u>	<u>(53,497)</u>	<u>(69,942)</u>
Fund Cash Balances, January 1	<u>(6,634)</u>	<u>68,045</u>	<u>55,574</u>	<u>116,985</u>
Fund Cash Balances, December 31:				
Restricted		38,551		38,551
Committed			2,077	2,077
Assigned	3,657			3,657
Unassigned (Deficit)	2,758			2,758
Fund Cash Balances, December 31	<u>\$6,415</u>	<u>\$38,551</u>	<u>\$2,077</u>	<u>\$47,043</u>

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

**VILLAGE OF GETTYSBURG
DARKE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Enterprise
Operating Cash Receipts:	
Charges for Services	\$278,886
Total Operating Cash Receipts	278,886
Operating Cash Disbursements:	
Personal Services	27,447
Employee Fringe Benefits	4,406
Contractual Services	72,620
Supplies and Materials	40,751
Total Operating Cash Disbursements	145,224
Operating Income (Loss)	133,662
Non-Operating Receipts (Disbursements):	
Special Assessments	268
Miscellaneous Receipts	120
Capital Outlay	(53,621)
Principal Retirement	(102,768)
Interest and Other Fiscal Charges	(1,142)
Total Non-Operating Receipts (Disbursements)	(157,143)
Net Change in Fund Cash Balances	(23,481)
Fund Cash Balances, January 1	170,677
Fund Cash Balances, December 31	\$147,196

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, 2015 AND 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Gettysburg, Darke County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides trash collection, water and sewer utilities, and park operations. The Village contracts with the Darke County Sheriff's department to provide security of persons and property. The Village contracts with Gettysburg Fire and Rescue to receive fire protection services.

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

B. Accounting Basis

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

C. Deposits 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. Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

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 accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

**VILLAGE OF GETTYSBURG
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

State Highway - This fund receives gasoline and motor vehicle tax money for maintaining the portion of state highway that passes through the village corporation.

Parks and Recreation – This fund receives donations, grants and occasional General Fund contributions to maintain and improve the Gettysburg Community Park.

Gettysburg Youth Fund – This fund receives donations to fund projects that will benefit Gettysburg youth.

Permissive Motor Vehicle License Tax - This fund receives permissive motor vehicle license tax money for constructing, maintaining, and repairing Village streets.

Other Special Revenue – This fund receives money from Fire and EMS operating levy to fund emergency services.

3. Capital Project Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project funds:

Gettysburg School Fund – This fund receives contributions and user fees for repair and maintenance of the Cardinal Center.

Grant Construction Fund – This fund receives grant awards for construction projects.

4. Enterprise Funds

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

Water Operating Fund - This fund receives charges for services from residents to cover water service costs.

Sewer Operating Fund - This fund receives charges for services from residents to cover sewer service costs.

Trash Collection Fund - This fund receives charges for services from residents to cover trash collections costs.

Sanitary Sewer- Debt Retirement Fund - This fund receives charges for services from residents to cover sanitary sewer debt retirement.

E. Budgetary Process

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

**VILLAGE OF GETTYSBURG
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2015 and 2014 budgetary activity appears in Note 3.

F. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Non-spendable

The Village classifies assets as *non-spendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

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

**VILLAGE OF GETTYSBURG
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. Property, Plant, and Equipment

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

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

	2015	2014
Demand deposits	\$110,150	\$117,673
Certificates of deposit	44,344	44,335
Total deposits	154,494	162,008
STAR Ohio	32,262	32,231
Total investments	32,262	32,231
Total deposits and investments	\$186,756	\$194,239

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation. Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending 2015 and 2014 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$86,823	\$87,870	\$1,047
Special Revenue	62,914	62,561	(353)
Capital Projects	31,000	88,364	57,364
Enterprise	274,000	272,604	(1,396)
Total	\$454,737	\$511,399	\$56,662

**VILLAGE OF GETTYSBURG
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2015 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$90,480	\$78,312	\$12,168
Special Revenue	77,521	59,908	17,613
Capital Projects	28,220	89,403	(61,183)
Enterprise	308,757	291,259	17,498
Total	<u>\$504,978</u>	<u>\$518,882</u>	<u>(\$13,904)</u>

2014 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$61,000	\$57,884	(\$3,116)
Special Revenue	58,879	63,179	4,300
Capital Projects	96,000	20,030	(75,970)
Enterprise	272,826	279,274	6,448
Total	<u>\$488,705</u>	<u>\$420,367</u>	<u>(\$68,338)</u>

2014 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$49,873	\$44,835	\$5,038
Special Revenue	111,875	92,673	19,202
Capital Projects	76,975	73,527	3,448
Enterprise	337,819	302,755	35,064
Total	<u>\$576,542</u>	<u>\$513,790</u>	<u>\$62,752</u>

Contrary to Ohio law, expenditures exceeded appropriations in the Gettysburg School Fund by \$14,933 and expenditures exceeded appropriations in the Grant Construction Fund by \$46,250 at December 31, 2015.

Contrary to Ohio law, the Village did not record on-behalf grant monies from the Ohio Public Works Commission in the amount of \$46,250 in 2015.

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted 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 financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

**VILLAGE OF GETTYSBURG
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

5. DEBT

Debt outstanding at December 31, 2015 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OPWC Loan – Wellsite & Wells CK720	\$50,000	0.00%
VCIF/OWDA – Water Treatment #3675	52,464	2%
OPWC – Water Treatment – CT42F	79,078	0%
OPWC Loan – Bridge St Phase I CT29G	16,149	0%
OPWC Loan – Bridge St Phase II CT36H	19,000	0%
OPWC Bridge Street III – CK05J	23,750	0%
WPCLF Surplus Fund OWDA #4808	886,505	0%
OPWC Loan – Central Wastewater Collection – CT21K	64,000	0%
Greenville National Bank - Cardinal Center	61,949	3%
Total	<u>\$1,253,195</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 20 semi-annual installments in the amount of \$34,096 commencing January 1, 2015.

The OPWC – Central Wastewater Collection and Transportation – CT21K was for the installation, repair and transportation of waste water for the Village. This loan will be repaid in semiannual payments in the amount of \$1,333, with final payment in July 2039.

The Greenville National Bank – Cardinal Center loan of \$75,000 was for satisfying the remaining balance of \$19,500 on a land contract for the purchase of the old Gettysburg School building and property. The remaining amount of the loan was earmarked for the installation of new furnaces and miscellaneous repairs. It is a 10 year note with a monthly payment of \$737 to be completed in December 2023.

The OPWC – Main Street Reconstruction-Phase II – CT29S and CT30S was entered into on July 1, 2015. This project was for the reconstruction of Main Street from Clay Street proceeding east to the corporation limits as well as the replacement of concrete curbs, drive aprons and sidewalk. As of December 31, 2015, no funds had been received from this project, which was to commence in 2016.

**VILLAGE OF GETTYSBURG
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

5. DEBT (Continued)

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

Year ending December 31:	Principal	Interest
2016	\$115,296	\$3,027
2017	115,591	2,731
2018	105,890	2,432
2019	96,198	2,124
2020	96,514	1,809
2021-2025	454,603	4,478
2026-2030	239,893	1,513
2031-2035	18,846	111
2036-2039	10,664	
Total	\$1,253,495	\$18,225

6. RETIREMENT SYSTEMS

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

The Ohio Revised Code prescribes contribution rates. For 2015 and 2014, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2015.

7. Risk Management

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

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Dave Yost • Auditor of State

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

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

To the Mayor and Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Gettysburg, Darke County, (the Village) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, and have issued our report thereon dated January 11, 2017, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2015-001 through 2015-003 to be material weaknesses.

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, opining 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 an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2015-002.

Entity's Response to Findings

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

Purpose of this Report

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



Dave Yost
Auditor of State
Columbus, Ohio

January 11, 2017

**VILLAGE OF GETTYSBURG
DARKE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2015-001

Posting Transactions – Material Weakness

When designing the public office's system of internal control and the specific control activities, management should consider ensuring that accounting records are properly designed, verifying the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records, and performing analytical procedures to determine the reasonableness of financial data.

The Village did not properly post transactions to the accounting system. The following errors were noted which required adjustments to be posted to the accompanying financial statements:

- During 2014 the Village posted a donation in the amount of \$1,000 to the Gettysburg Youth Fund as a Special Item rather than Miscellaneous Revenue [Special Revenue Funds].
- During 2014 rental fees for the Cardinal Center in the amount of \$8,271 were classified as Charges for Services rather than Miscellaneous Revenue in the Capital Projects Fund.
- During 2014 donations for the Cardinal Center in the amount of \$5,117 were classified as Intergovernmental Revenue rather than Miscellaneous Revenue in the Capital Projects Fund.
- During 2014 and 2015 loan payments in the Capital Projects Fund in the amounts of \$6,415 and \$6,635, respectively, were classified as interest payments rather than principal payments.

The following errors were noted which did not require adjustments to the accompanying financial statements:

- During 2014 personal property reimbursement receipts in the amount of \$756 in the General Fund and \$871 in the Special Revenue Funds were improperly posted as Property and Other Taxes rather than Intergovernmental Revenue.
- During 2015 personal property reimbursement receipts in the amount of \$420 in the General Fund and \$484 in the Special Revenue Funds were improperly posted as Property and Other Taxes rather than Intergovernmental Revenue.
- In 2015 the Village improperly posted homestead rollback receipts in the amount of \$2,336 in the General Fund and \$2,690 in the Special Revenue Funds as Property and Other Taxes rather than Intergovernmental Revenue.
- In 2014 and 2015 the Village posted Permissive Motor Vehicle License tax receipts in the amount of \$2,758 and \$2,781, respectively, as Intergovernmental revenue rather than Property and Other Taxes revenue in the Special Revenue Funds.
- During 2014 special assessments were posted at net rather than gross in the Enterprise Funds [difference of \$507].

Policies and procedures should be developed and implemented to verify that all receipts and expenditures are posted in correct accounts and in the proper amounts. The Village should review postings each month and again at the end of the fiscal year to verify that all amounts are classified and posted correctly.

Official's Response:

I have noted the above accounting errors and will continue to use these mistakes as lessons as I learn the UAN accounting system and develop a better and more efficient process here at the Village of Gettysburg.

FINDING NUMBER 2015-002

On-Behalf Payments – Noncompliance & Material Weakness

Ohio Rev. Code § 5705.42 requires, in part, when the state or any department, division, agency authority or unit thereof makes a grant or loan of money to any political subdivision of this state to aid in paying the cost of any program, activity or function of such subdivision, the amount is deemed appropriated and shall be recorded by the subdivision.

In 2015 the Ohio Public Works Commission (OPWC) made two payments on-behalf of the Village. The receipts and disbursements for these payments were not recorded in the Village's accounting system resulting in understatements of both Intergovernmental Revenue and Capital Outlay disbursements of \$46,250 in the Capital Projects Fund. The Village also did not post the appropriations for these monies to the accounting system.

Failure to properly post appropriations and record on-behalf monies can result in inaccurate financial statements. The posting of appropriations and recording of on-behalf monies is not only required by statute, but is a key control in the reporting process to assure the financial statements are properly and accurately presented.

The accompanying financial statements were adjusted to reflect the activity.

To help improve control over financial reporting, the Village should appropriate and the Fiscal Officer should record on-behalf monies. The Fiscal Officer should also review Auditor of State Bulletin 2000-008 "Accounting for Cash Basis Local Governments' Participation in On-Behalf-Of Grants or Improvement Projects" and Auditor of State Bulletin 2002-004 "Public Works Commissions Infrastructure Project Accounting" for guidance for properly accounting for such activity.

Official's Response:

I will review State Bulletin 2000-008 and be sure to appropriate accordingly in the future.

FINDING NUMBER 2015-003

GASB 54 Presentation – Material Weakness

Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, introduced five fund balance classifications and clarified the existing governmental fund type definitions. The fund balance classifications relate to constraints placed upon the use of resources reported in governmental funds. The five classifications are non-spendable, restricted, committed, assigned and unassigned. In addition, GASB 54 paragraph 16 states that when an appropriation measure is adopted for the subsequent year, if a portion of existing fund balance is included as a budgetary resource, then that portion of fund balance should be classified as assigned.

The Village's financial statements presented the GASB 54 (GASB Codification 1800) classifications incorrectly in both fiscal years as follows:

2015:

- Parks and Recreation Fund balance of \$11,380 reported as committed rather than restricted
- Gettysburg Youth Fund balance of \$4,461 reported as committed rather than restricted

2014:

- Parks and Recreation Fund balance of \$9,794 reported as committed rather than restricted
- Gettysburg Youth Fund balance of \$3,461 reported as assigned rather than restricted

**FINDING NUMBER 2015-003
(Continued)**

In addition, for 2015 the Village did not appropriately recognize the assigned balance in the General Fund for the excess of subsequent year's appropriations over estimated receipts in the amount of \$14,737. For 2014 the Village did not appropriately recognize the assigned balance in the General Fund for the excess of subsequent year's appropriations over estimated receipts in the amount of \$3,657.

The above errors were adjusted on the accompanying financial statements. The Village should review the requirements of GASB 54 and implement procedures to properly classify fund balances as applicable to improve financial reporting.

Official's Response:

As I continue to improve the accounting processes here at the Village of Gettysburg, I plan on re-evaluating our funds and their classifications to ensure all monies are appropriated correctly and accordingly, as well as to ensure an accurate and efficient accounting system.

**VILLAGE OF GETTYSBURG
DARKE COUNTY**

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

Finding Number	Finding Summary	Status	Additional Information
2013-001	Bank reconciliations were not properly performed by the Fiscal Officer.	Corrective Action Taken and Finding is Fully Corrected	
2013-002	GASB 54 Presentation	Not Corrected	The Fiscal Officer will continue to improve the accounting processes at the Village and re-evaluate the funds and classifications to ensure all monies are appropriated correctly and accordingly, as well as to ensure an accurate and efficient accounting system.
2013-003	Ohio Rev. Code §5705.14 Transfers and Advances	Corrective Action Taken and Finding is Fully Corrected	
2013-004	Ohio Rev. Code §5705.10(I) Negative Fund Balance	Corrective Action Taken and Finding is Fully Corrected	
2013-005	Ohio Rev. Code §5705.13 (C) Establishment of Funds	Corrective Action Taken and Finding is Fully Corrected	
2013-006	Ohio Rev. Code §5705.10(D) and Ohio Rev. Code §5735.28 Accuracy and Completeness of Financial Activity	Partially Corrected	The Fiscal Officer has taken note of the errors and will develop a better and more efficient process at the Village to ensure transactions are posted accurately.
2013-007	Ohio Rev. Code §5705.40 Appropriation Amendments and Budgetary Accounting System	Partially Corrected	The Fiscal Officer has taken note of the errors and will be sure to properly post and appropriate all funds accordingly.
2013-008	Ohio Rev. Code §5705.41(B) Expenditures Exceeding Appropriations	Corrective Action Taken and Finding is Fully Corrected	
2013-009	Ohio Rev. Code §5705.41(D)(1) Purchase Order Prior Certification	Corrective Action Taken and Finding is Fully Corrected	



Dave Yost • 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
FEBRUARY 9, 2017