



**VILLAGE OF GAMBIER  
KNOX COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2000-1999**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



VILLAGE OF GAMBIER  
KNOX COUNTY

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## REPORT OF INDEPENDENT ACCOUNTANTS

Village of Gambier  
Knox County  
115 Meadow Lane  
P.O. Box 191  
Gambier, Ohio 43022

To the Village Council:

We have audited the accompanying financial statements of the Village of Gambier, Knox County, Ohio, (the Village) as of and for the years ended December 31, 2000 and December 31, 1999. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 audits provide a reasonable basis for our opinion.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 20, 2001 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

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

**JIM PETRO**  
Auditor of State

July 20, 2001

**VILLAGE OF GAMBIER  
KNOX COUNTY**

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

	<b>Governmental Fund Types</b>		<b>Totals (Memorandum Only)</b>
	<b>General</b>	<b>Special Revenue</b>	
<b>Cash Receipts:</b>			
Local Taxes	\$453,527	\$0	\$453,527
Intergovernmental Receipts	64,639	20,985	85,624
Charges for Services	6,181	0	6,181
Fines, Licenses, and Permits	23,681	0	23,681
Miscellaneous	29,187	173	29,360
 Total Cash Receipts	 577,215	 21,158	 598,373
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	73,874	0	73,874
Public Health Services	1,916	0	1,916
Leisure Time Activities	4,995	0	4,995
Community Environment	2,289	0	2,289
Basic Utility Services	37,759	0	37,759
Transportation	7,932	7,596	15,528
General Government	164,945	0	164,945
Debt Service	50,000	0	50,000
Capital Outlay	363,325	11,000	374,325
 Total Cash Disbursements	 707,035	 18,596	 725,631
 Total Receipts Over/(Under) Disbursements	 (129,820)	 2,562	 (127,258)
<b>Other Financing Receipts/(Disbursements):</b>			
Other Sources (See Footnote 5)	30,990	0	30,990
Transfers-Out	(50,000)	0	(50,000)
 Total Other Financing Receipts/(Disbursements)	 (19,010)	 0	 (19,010)
 Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	 (148,830)	 2,562	 (146,268)
 Fund Cash Balances January 1, 2000	 485,502	 4,474	 489,976
 <b>Fund Cash Balances, December 31, 2000</b>	 <b>\$336,672</b>	 <b>\$7,036</b>	 <b>\$343,708</b>

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

**VILLAGE OF GAMBIER  
KNOX COUNTY**

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

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$588,049	\$0	\$588,049
Miscellaneous	0	6	6
<b>Total Operating Cash Receipts</b>	<u>588,049</u>	<u>6</u>	<u>588,055</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	54,358	0	54,358
Contractual Services	274,410	0	274,410
Supplies and Materials	33,202	0	33,202
Capital Outlay	123,755	0	123,755
<b>Total Operating Cash Disbursements</b>	<u>485,725</u>	<u>0</u>	<u>485,725</u>
Operating Income/(Loss)	<u>102,324</u>	<u>6</u>	<u>102,330</u>
<b>Non-Operating Cash Receipts:</b>			
Miscellaneous	9,142	0	9,142
Other Non-Operating Receipts	111,937	0	111,937
<b>Total Non-Operating Cash Receipts</b>	<u>121,079</u>	<u>0</u>	<u>121,079</u>
<b>Non-Operating Cash Disbursements:</b>			
Debt Service	272,195	0	272,195
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	(48,792)	6	(48,786)
Transfers-In	50,000	0	50,000
Transfers-Out	0	0	0
<b>Net Receipts Over/(Under) Disbursements</b>	<u>1,208</u>	<u>6</u>	<u>1,214</u>
Fund Cash Balances, January 1, 2000	<u>252,421</u>	<u>431</u>	<u>252,852</u>
<b>Fund Cash Balances, December 31, 2000</b>	<u><u>\$253,629</u></u>	<u><u>\$437</u></u>	<u><u>\$254,066</u></u>

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



**VILLAGE OF GAMBIER  
KNOX COUNTY**

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

	<b>Governmental Fund Types</b>		<b>Totals (Memorandum Only)</b>
	<b>General</b>	<b>Special Revenue</b>	
<b>Cash Receipts:</b>			
Local Taxes	\$397,151	\$0	\$397,151
Intergovernmental Receipts	69,285	21,416	90,701
Charges for Services	5,190	0	5,190
Fines, Licenses, and Permits	18,465	0	18,465
Miscellaneous	41,873	136	42,009
	531,964	21,552	553,516
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	96,941	0	96,941
Public Health Services	2,520	0	2,520
Leisure Time Activities	4,566	0	4,566
Community Environment	2,818	0	2,818
Basic Utility Services	36,199	0	36,199
Transportation	10,004	10,305	20,309
General Government	216,352	0	216,352
Debt Service	50,000	0	50,000
Capital Outlay	71,859	14,411	86,270
	491,259	24,716	515,975
<b>Total Cash Disbursements</b>			
Total Receipts Over/(Under) Disbursements	40,705	(3,164)	37,541
<b>Other Financing Receipts/(Disbursements):</b>			
Other Sources	7,000	0	7,000
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	47,705	(3,164)	44,541
Fund Cash Balances January 1, 1999	437,797	7,638	445,435
<b>Fund Cash Balances, December 31, 1999</b>	<b>\$485,502</b>	<b>\$4,474</b>	<b>\$489,976</b>

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

**VILLAGE OF GAMBIER  
KNOX COUNTY**

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

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$607,739	\$0	\$607,739
Miscellaneous	0	11	11
Total Operating Cash Receipts	<u>607,739</u>	<u>11</u>	<u>607,750</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	62,471	0	62,471
Contractual Services	202,051	0	202,051
Supplies and Materials	32,190	0	32,190
Capital Outlay	55,130	0	55,130
Total Operating Cash Disbursements	<u>351,842</u>	<u>0</u>	<u>351,842</u>
Operating Income/(Loss)	<u>255,897</u>	<u>11</u>	<u>255,908</u>
<b>Non-Operating Cash Receipts:</b>			
Miscellaneous	8,648	0	8,648
Other Non-Operating Receipts	10,636	0	10,636
Total Non-Operating Cash Receipts	<u>19,284</u>	<u>0</u>	<u>19,284</u>
<b>Non-Operating Cash Disbursements:</b>			
Debt Service	309,942	0	309,942
Net Receipts Over/(Under) Disbursements	(34,761)	11	(34,750)
Fund Cash Balances, January 1, 1999	<u>287,182</u>	<u>420</u>	<u>287,602</u>
<b>Fund Cash Balances, December 31, 1999</b>	<b><u><u>\$252,421</u></u></b>	<b><u><u>\$431</u></u></b>	<b><u><u>\$252,852</u></u></b>

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

**VILLAGE OF GAMBIER  
KNOX COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Gambier, Knox County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including water and sewer utilities, park operations (leisure time activities), and police services. The Village contracts with the Knox County Sheriff's department to provide security of persons and property.

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

**B. Basis of Accounting**

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

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

**C. Cash and Investments**

Certificates of deposit are valued 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 is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Fund**

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Fund:

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

**VILLAGE OF GAMBIER  
KNOX COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. FUND ACCOUNTING (Continued)**

**3. Enterprise Funds**

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

Water Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

Sewer Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

**4. Fiduciary Funds (Trust and Agency Funds)**

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant Fiduciary Fund:

Lepley-Metcalf Nonexpendable Trust Fund - This fund received a one time donation for cemetery improvements.

**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. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

**2. Estimated Resources**

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

**VILLAGE OF GAMBIER  
KNOX COUNTY**

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

**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.

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

**F. Property, Plant and Equipment**

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

**2. EQUITY IN POOLED CASH**

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

	<u>2000</u>	<u>1999</u>
Demand deposits	\$347,774	\$492,828
Certificates of deposit	<u>250,000</u>	<u>250,000</u>
Total deposits	<u>\$597,774</u>	<u>\$742,828</u>

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Village or (3) collateralized by the financial institution's public entity deposit **pool**.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2000 and December 31, 1999 follows:

**2000 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 564,614	\$ 608,205	\$ 43,591
Special Revenue	22,350	21,158	(1,192)
Enterprise	1,032,100	759,128	(252,972)
Non-expendable Trust	10	6	(4)
Total	<u>\$ 1,619,074</u>	<u>\$ 1,408,497</u>	<u>\$ (210,577)</u>

**VILLAGE OF GAMBIER  
KNOX COUNTY**

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

**3. BUDGETARY ACTIVITY (Continued)**

**2000 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 985,345	\$ 757,035	\$ 228,310
Special Revenue	24,450	18,596	5,854
Enterprise	1,055,390	757,920	277,470
Nonexpendable Trust	0	0	0
Total	<u>\$ 2,065,185</u>	<u>\$ 1,553,551</u>	<u>\$ 511,634</u>

**1999 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 465,725	\$ 538,964	\$ 73,239
Special Revenue	22,350	21,552	(798)
Enterprise	950,469	627,023	(283,446)
Nonexpendable Trust	10	11	1
Total	<u>\$ 1,438,554</u>	<u>\$ 1,227,550</u>	<u>\$ (211,004)</u>

**1999 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 628,525	\$ 491,259	\$ 137,266
Special Revenue	29,795	24,716	5,079
Enterprise	1,019,959	661,784	318,175
Non-expendable Trust	0	0	0
Total	<u>\$ 1,678,279</u>	<u>\$ 1,217,759</u>	<u>\$ 460,520</u>

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

**VILLAGE OF GAMBIER  
KNOX COUNTY**

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

**4. PROPERTY TAX (Continued)**

Tangible personal property tax is assessed by the property owners, who must file a list of such 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 behalf of the Village.

**5. DEBT**

Debt outstanding at December 31, 2000 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Mortgage Revenue Bonds	\$ 723,000	5%
Ohio Public Works Commission Loan 1	165,360	0%
Ohio Public Works Commission Loan 2	<u>107,291</u>	0%
Total	<u>\$ 995,651</u>	

The Mortgage Revenue Bonds were for Water Plant Construction.

The Ohio Public Works Commission Loans (OPWC) relates to the northeast collection line replacement and will be repaid in semiannual installments of \$5,167.50, interest free, over 20 years for monies received in 1995 (OPWC 1), and semiannual installments of \$2,980.30, interest free, over 20 years for monies received in 1998 (OPWC 2).

The Ohio Water Development Authority (OWDA) has loaned the Village money to construct a wastewater treatment plant. OWDA was contacted about a schedule of payments, but an amortization schedule is not available at this time. The interest rate on the loan is 4.18% for 20 years. Payments will be made on a semiannual basis and currently approximate \$132,000.

In past years, Council approved monies to be expended from the General Fund to aid the Water and Sewer Funds in payment for projects and debt service. Of those monies expended, \$126,000 and \$244,000 has been approved by the Council as loan monies from the General Fund to the Water and Sewer Funds respectively. The water loan is interest free, the sewer loans interest is 3.2%, and the loans are to be paid back as funds are available. During fiscal year 2000, the Wastewater Construction Fund repaid the General Fund \$30,990.

**VILLAGE OF GAMBIER  
KNOX COUNTY**

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

**5. DEBT (Continued)**

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

Year ending December 31:	OPWC 1 Loan	OPWC 2 Loan	Mortgage Revenue Bonds
2001	\$ 10,335	\$ 5,961	\$ 72,150
2002	10,335	5,961	72,350
2003	10,335	5,961	72,450
2004	10,335	5,961	72,450
2005	10,335	5,961	72,350
Subsequent	<u>113,685</u>	<u>77,486</u>	<u>665,100</u>
Total	<u>\$ 165,360</u>	<u>\$ 107,291</u>	<u>\$ 1,026,850</u>

**6. RETIREMENT SYSTEMS**

Village officials and employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, members of PERS contributed 8.5% of their gross salaries. In 1999, the Village contributed an amount equal to 13.55% of their wages. In 2000, the average employers' contribution rate was 10.84% of participants' gross salaries. The Village has paid all contributions required through December 31, 2000.

**7. RISK MANAGEMENT**

The Village has obtained commercial insurance for the following risks:

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

The Village also provides health insurance and dental and vision coverage to full-time employees through a private carrier.





STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

Village of Gambier  
Knox County  
115 Meadow Lane  
P.O. Box 191  
Gambier, Ohio 43022

To the Village Council:

We have audited the accompanying financial statements of the Village of Gambier, Knox County, Ohio (the Village), as of and for the years ended December 31, 2000 and December 31, 1999, and have issued our report thereon dated July 20, 2001. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated July 20, 2001.

**Internal Control Over Financial Reporting**

In planning and performing our audits, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Village in a separate letter dated July 20, 2001.

Village of Gambier  
Knox County  
Report of Independent Accountants on Compliance and on Internal Control  
Required by *Government Auditing Standards*  
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This report is intended for the information and use of management and Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

**JIM PETRO**  
Auditor of State

July 20, 2001



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**VILLAGE OF GAMBIER**

**KNOX COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
AUGUST 21, 2001**