

**VILLAGE OF GAMBIER  
KNOX COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2008 - 2007**





# Mary Taylor, CPA

Auditor of State

Village Council  
Village of Gambier  
115 Meadow Lane  
P.O. Box 1984  
Gambier, Ohio 43022

We have reviewed the *Independent Accountants' Report* of the Village of Gambier, Knox County, prepared by Knox & Knox, for the audit period January 1, 2007 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 Accountants' 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 Accountants' 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 Gambier 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

December 23, 2009

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VILLAGE OF GAMBIER  
KNOX COUNTY

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# KNOX & KNOX

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Accountants and Consultants

## Independent Accountants' Report

Village of Gambier  
Knox County  
115 Meadow Lane  
P.O. Box 1984  
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, 2008 and 2007. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. 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, if any, 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 its 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 accounting principles generally accepted in the United States of America, we presume they are material.

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2008 and 2007. In addition to the accompanying financial statements present for 2008 and 2007, the revisions require presenting entity wide statements. While the Village does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2008 and 2007 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 and 2007, or its changes in financial position and cash flows for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Gambier, Knox County, as of December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

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 December 7, 2009, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we do not opine on the internal control over financial reporting or on compliance, that reports describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards*. You should read it in conjunction with this report in considering the results of our audit.

***Knox & Knox***

Orrville, Ohio  
December 7, 2009



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, 2008

|   | Governmental Fund Types |                    |                     |              | Totals<br>(Memorandum<br>Only) |
|---|-------------------------|--------------------|---------------------|--------------|--------------------------------|
|   | General                 | Special<br>Revenue | Capital<br>Projects | Permanent    |                                |
| <b>CASH RECEIPTS:</b>   |                         |                    |                     |              |                                |
| Property and Other Local Taxes  | \$724,454               |                    |                     |              | \$724,454                      |
| Intergovernmental Receipts  | 60,859                  | \$22,210           |                     |              | 83,069                         |
| Charges for Services  | 12,953                  |                    |                     |              | 12,953                         |
| Fines, Licenses, and Permits  | 32,823                  |                    |                     |              | 32,823                         |
| Earnings on Investments   | 22,535                  | 23                 |                     |              | 22,558                         |
| <b>Total Cash Receipts</b>  | <b>853,624</b>          | <b>22,233</b>      |                     |              | <b>875,857</b>                 |
| <b>CASH DISBURSEMENTS:</b>  |                         |                    |                     |              |                                |
| Current:  |                         |                    |                     |              |                                |
| Security of Persons and Property  | 137,498                 |                    |                     |              | 137,498                        |
| Public Health Services  | 4,324                   |                    |                     |              | 4,324                          |
| Leisure Time Activities   | 5,989                   |                    |                     |              | 5,989                          |
| Community Environment   | 3,933                   |                    |                     |              | 3,933                          |
| Basic Utility   | 37,372                  |                    |                     |              | 37,372                         |
| Transportation  | 24,511                  | 11,737             |                     |              | 36,248                         |
| General Government  | 329,798                 |                    |                     |              | 329,798                        |
| Capital Outlay  | 39,511                  | 11,250             | \$20,000            |              | 70,761                         |
| Debt Service:   |                         |                    |                     |              |                                |
| Redemption of Principal   |                         |                    | 10,500              |              | 10,500                         |
| <b>Total Cash Disbursements</b>   | <b>582,936</b>          | <b>22,987</b>      | <b>30,500</b>       |              | <b>636,423</b>                 |
| <b>Total Receipts Over/(Under) Disbursements</b>  | <b>270,688</b>          | <b>(754)</b>       | <b>(30,500)</b>     |              | <b>239,434</b>                 |
| <b>OTHER FINANCING RECEIPTS/DISBURSEMENTS</b>   |                         |                    |                     |              |                                |
| Sale of Fixed Assets  | 1,500                   |                    |                     |              | 1,500                          |
| Transfers-In  |                         |                    | 20,000              |              | 20,000                         |
| Transfers-Out   | (20,000)                |                    | (2,112)             |              | (22,112)                       |
| Other Financing Sources   | 16,033                  |                    |                     |              | 16,033                         |
| <b>Total Other Financing Receipts/(Disbursements)</b>   | <b>(2,467)</b>          |                    | <b>17,888</b>       |              | <b>15,421</b>                  |
| <b>Excess of Cash Receipts and Other Financing<br/>Receipts Over/(Under) Cash Disbursements<br/>and Other Financing Disbursements</b> | <b>268,221</b>          | <b>(754)</b>       | <b>(12,612)</b>     |              | <b>254,855</b>                 |
| <b>Fund Cash Balances, January 1</b>  | <b>282,871</b>          | <b>1,057</b>       | <b>12,612</b>       | <b>\$460</b> | <b>297,000</b>                 |
| <b>FUND CASH BALANCES, DECEMBER 31</b>  | <b>\$551,092</b>        | <b>\$303</b>       |                     | <b>\$460</b> | <b>\$551,855</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 - ENTERPRISE FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2008

|  | Enterprise<br>Fund      |
|--|-------------------------|
| OPERATING CASH RECEIPTS:   |                         |
| Charges for Services   | <u>\$857,357</u>        |
| Total Operating Cash Receipts  | <u>857,357</u>          |
| OPERATING CASH DISBURSEMENTS:  |                         |
| Personal Services  | 96,434                  |
| Contractual Services   | 254,806                 |
| Supplies and Materials   | 54,278                  |
| Capital Outlay   | 414,767                 |
| Debt Service:  |                         |
| Redemption of Principle  | 114,004                 |
| Interest   | <u>31,735</u>           |
| Total Operating Cash Disbursements   | <u>966,024</u>          |
| Excess of Cash Receipts Under Disbursements<br>Before Interfund Transfers and Advances | <u>(108,667)</u>        |
| Transfers-In   | 2,112                   |
| Net Receipts Over/(Under) Disbursements  | (106,555)               |
| Fund Cash Balances, January 1  | <u>436,549</u>          |
| FUND CASH BALANCES, DECEMBER 31  | <u><u>\$329,994</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, 2007

|   | Governmental Fund Types |                    |                     |              | Totals<br>(Memorandum<br>Only) |
|---|-------------------------|--------------------|---------------------|--------------|--------------------------------|
|   | General                 | Special<br>Revenue | Capital<br>Projects | Permanent    |                                |
| <b>CASH RECEIPTS:</b>   |                         |                    |                     |              |                                |
| Property and Other Local Taxes  | \$601,951               |                    |                     |              | \$601,951                      |
| Intergovernmental Receipts  | 82,840                  | \$21,713           |                     |              | 104,553                        |
| Charges for Services  | 13,189                  |                    |                     |              | 13,189                         |
| Fines, Licenses, and Permits  | 19,351                  |                    |                     |              | 19,351                         |
| Earnings on Investments   | 22,007                  | 21                 |                     | \$2          | 22,030                         |
| <b>Total Cash Receipts</b>  | <b>739,338</b>          | <b>21,734</b>      |                     | <b>2</b>     | <b>761,074</b>                 |
| <b>CASH DISBURSEMENTS:</b>  |                         |                    |                     |              |                                |
| Current:  |                         |                    |                     |              |                                |
| Security of Persons and Property  | 140,587                 |                    |                     |              | 140,587                        |
| Public Health Services  | 5,169                   |                    |                     |              | 5,169                          |
| Leisure Time Activities   | 6,331                   |                    |                     |              | 6,331                          |
| Community Environment   | 2,663                   |                    |                     |              | 2,663                          |
| Basic Utility   | 37,916                  |                    | \$14,410            |              | 52,326                         |
| Transportation  | 19,093                  | 11,403             |                     |              | 30,496                         |
| General Government  | 351,506                 |                    |                     |              | 351,506                        |
| Capital Outlay  | 155,648                 | 11,200             |                     |              | 166,848                        |
| Debt Service:   |                         |                    |                     |              |                                |
| Redemption of Principal   |                         |                    | 7,935               |              | 7,935                          |
| Interest Payments   |                         |                    | 2,487               |              | 2,487                          |
| <b>Total Cash Disbursements</b>   | <b>718,913</b>          | <b>22,603</b>      | <b>24,832</b>       |              | <b>766,348</b>                 |
| <b>Total Receipts Over/(Under) Disbursements</b>  | <b>20,425</b>           | <b>(869)</b>       | <b>(24,832)</b>     | <b>2</b>     | <b>(5,274)</b>                 |
| <b>OTHER FINANCING RECEIPTS/DISBURSEMENTS</b>   |                         |                    |                     |              |                                |
| Transfers-In  |                         |                    | 35,500              |              | 35,500                         |
| Transfers-Out   | (35,500)                |                    |                     |              | (35,500)                       |
| <b>Total Other Financing Receipts/(Disbursements)</b>   | <b>(35,500)</b>         |                    | <b>35,500</b>       |              |                                |
| <b>Excess of Cash Receipts and Other Financing<br/>Receipts Over/(Under) Cash Disbursements<br/>and Other Financing Disbursements</b> | <b>(15,075)</b>         | <b>(869)</b>       | <b>10,668</b>       | <b>2</b>     | <b>(5,274)</b>                 |
| Fund Cash Balances, January 1   | 297,946                 | 1,926              | 1,945               | 458          | 302,275                        |
| <b>FUND CASH BALANCES, DECEMBER 31</b>  | <b>\$282,871</b>        | <b>\$1,057</b>     | <b>\$12,613</b>     | <b>\$460</b> | <b>\$297,001</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 - ENTERPRISE FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2007

|   | <u>Enterprise<br/>Fund</u> |
|---|----------------------------|
| OPERATING CASH RECEIPTS:                |                            |
| Charges for Services                    | <u>\$906,776</u>           |
| Total Operating Cash Receipts           | <u>906,776</u>             |
| OPERATING CASH DISBURSEMENTS:           |                            |
| Personal Services                       | 93,417                     |
| Contractual Services                    | 233,957                    |
| Supplies and Materials                  | 65,379                     |
| Capital Outlay                          | 51,180                     |
| Debt Service:                           |                            |
| Redemption of Principle                 | 260,364                    |
| Interest                                | <u>81,590</u>              |
| Total Operating Cash Disbursements      | <u>785,887</u>             |
| Net Receipts Over/(Under) Disbursements | 120,889                    |
| Fund Cash Balances, January 1           | <u>315,660</u>             |
| FUND CASH BALANCES, DECEMBER 31         | <u><u>\$436,549</u></u>    |

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

VILLAGE OF GAMBIER  
KNOX COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

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 water and sewer utilities, street maintenance, and park operations. 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

The Village's accounting basis includes investments as assets. The 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.

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 Funds

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, maintenance and repairing Village streets.

VILLAGE OF GAMBIER  
KNOX COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Fund Accounting (continued)

3. Capital Projects Fund

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project fund:

*Storm Water Construction Fund* - This fund receives Ohio Public Works Commission loans and grants and donations from Kenyon College for the construction costs of storm water projects.

4. Enterprise Fund

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.

5. Permanent Funds

Trust Funds 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 Permanent Fund. The Village had the following significant Permanent Fund:

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

VILLAGE OF GAMBIER  
KNOX COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 division, department, or office level, and within each the amount appropriated for person services. The 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 unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year-end are cancelled and must be reappropriated in the subsequent year.

A summary of 2008 and 2007 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. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Village maintains a cash and investments pool used by all funds. 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>             | <u>2007</u>             |
|-------------------------|-------------------------|-------------------------|
| Demand deposits         | \$631,850               | \$483,090               |
| Certificates of deposit | <u>250,000</u>          | <u>250,460</u>          |
| Total deposits          | <u><u>\$881,850</u></u> | <u><u>\$733,550</u></u> |

VILLAGE OF GAMBIER  
KNOX COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

2. EQUITY IN POOLED CASH AND INVESTMENTS (continued)

Deposits: Deposits are (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by securities specifically pledged by the financial institution to the Village.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2008 and 2007 follows:

| 2008 Budgeted vs. Actual Receipts |                      |                    |           |
|-----------------------------------|----------------------|--------------------|-----------|
| Fund Type                         | Budgeted<br>Receipts | Actual<br>Receipts | Variance  |
| General                           | \$675,836            | \$871,157          | \$195,321 |
| Special Revenue                   | 22,300               | 22,233             | (67)      |
| Capital Projects                  | 20,000               | 20,000             |           |
| Enterprise                        | 918,420              | 859,469            | (58,951)  |
| Total                             | \$1,636,556          | \$1,772,859        | \$136,303 |

| 2008 Budgeted vs Actual Budgetary Basis Expenditures |                            |                           |           |
|--|----------------------------|---------------------------|-----------|
| Fund Type  | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance  |
| General  | \$949,660                  | \$602,936                 | \$346,724 |
| Special Revenue                                      | 23,290                     | 22,987                    | 303       |
| Capital Projects                                     | 30,500                     | 32,612                    | (2,112)   |
| Enterprise   | 1,115,400                  | 966,024                   | 149,376   |
| Total  | \$2,118,850                | \$1,624,559               | \$494,291 |

| 2007 Budgeted vs. Actual Receipts |                      |                    |           |
|-----------------------------------|----------------------|--------------------|-----------|
| Fund Type                         | Budgeted<br>Receipts | Actual<br>Receipts | Variance  |
| General                           | \$672,692            | \$739,338          | \$66,646  |
| Special Revenue                   | 20,800               | 21,734             | 934       |
| Capital Projects                  | 35,500               | 35,500             |           |
| Permanent                         |                      | 2                  | 2         |
| Enterprise                        | 861,870              | 906,776            | 44,906    |
| Total                             | \$1,590,862          | \$1,703,350        | \$112,488 |

| 2007 Budgeted vs Actual Budgetary Basis Expenditures |                            |                           |           |
|--|----------------------------|---------------------------|-----------|
| Fund Type  | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance  |
| General  | \$954,250                  | \$754,413                 | \$199,837 |
| Special Revenue                                      | 22,700                     | 22,603                    | 97        |
| Capital Projects                                     | 35,500                     | 24,832                    | 10,668    |
| Enterprise   | 943,900                    | 785,887                   | 158,013   |
| Total  | \$1,956,350                | \$1,587,735               | \$368,615 |



VILLAGE OF GAMBIER  
KNOX COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

3. BUDGETARY ACTIVITY (continued)

Contrary to the Ohio Revised Code, expenditures exceeded appropriations in the capital projects fund type during 2008.

4. LOCAL INCOME TAX

The Village levies a municipal income tax of 1.5 percent on substantially all earned income arising from employment, residency, or business activities within the Village, as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax quarterly. Corporations and other individual taxpayers remit estimated taxes quarterly and file a declaration annually.

5. DEBT

Debt outstanding at December 31, 2008 was as follows:

|                                  | <u>Principal</u>   | <u>Interest Rate</u> |
|----------------------------------|--------------------|----------------------|
| Mortgage Revenue Bonds           | \$377,000          | 5.00%                |
| Ohio Public Works Commission #1  | 77,513             | 0.00%                |
| Ohio Public Works Commission #2  | 59,606             | 0.00%                |
| Ohio Public Works Commission #3  | 81,330             | 0.00%                |
| Ohio Public Works Commission #4  | 25,000             | 0.00%                |
| Ohio Water Development Authority | 1,426,006          | 4.18%                |
| Total                            | <u>\$2,046,455</u> |                      |

The Mortgage Revenue Bonds were issued in 1977 for the purchase of the waterworks system from Kenyon College and subsequent upgrades.

The Ohio Public Works Commission Loans #1 and #2 (OPWC) relates to the northeast collection line replacement. OPWC Loan #1 will be paid back in semiannual installments of \$5,167.50 over a period of 20 years interest free for money received in 1995. OPWC Loan #2 will be repaid in semiannual installments of \$2,980.30, interest free for a period of 20 years. In 2003 and 2004 OPWC provided money for a storm sewer replacement on Duff and Meadow Lanes, OPWC Loan #3 and OPWC Loan #4. OPWC Loan #3 will be repaid in semiannual installments of \$2,711.01, interest free for 20 years. OPWC Loan #4 will be repaid in semiannual installments of \$2,500, interest free for 10 years.

The Ohio Water Development Authority loan was for an upgrade to the wastewater treatment plant. It bears interest at 4.48% with semi-annual payments. The Note matures on July 1, 2015.

Amortization of the above debt follows

VILLAGE OF GAMBIER  
KNOX COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

5. DEBT (continued)

| Year ending<br>December 31 | Ohio Water Development Authority |                  |                    |
|----------------------------|----------------------------------|------------------|--------------------|
|                            | Principal                        | Interest         | Total              |
| 2009                       | \$195,220                        | \$57,588         | \$252,808          |
| 2010                       | 203,465                          | 49,343           | 252,808            |
| 2011                       | 212,058                          | 40,749           | 252,807            |
| 2012                       | 221,016                          | 31,792           | 252,808            |
| 2013                       | 230,351                          | 22,457           | 252,808            |
| 2014-2015                  | 363,896                          | 15,316           | 379,212            |
| Total                      | <u>\$1,426,006</u>               | <u>\$217,245</u> | <u>\$1,643,251</u> |

| Year ending<br>December 31 | Ohio Public Works Commission #1 |          |                 |
|----------------------------|---------------------------------|----------|-----------------|
|                            | Principal                       | Interest | Total           |
| 2009                       | \$10,335                        |          | \$10,335        |
| 2010                       | 10,335                          |          | 10,335          |
| 2011                       | 10,335                          |          | 10,335          |
| 2012                       | 10,335                          |          | 10,335          |
| 2013                       | 10,335                          |          | 10,335          |
| 2014-2018                  | 25,838                          |          | 25,838          |
| Total                      | <u>\$77,513</u>                 |          | <u>\$77,513</u> |

| Year ending<br>December 31 | Ohio Public Works Commission #2 |          |                 |
|----------------------------|---------------------------------|----------|-----------------|
|                            | Principal                       | Interest | Total           |
| 2009                       | \$5,961                         |          | \$5,961         |
| 2010                       | 5,961                           |          | 5,961           |
| 2011                       | 5,961                           |          | 5,961           |
| 2012                       | 5,961                           |          | 5,961           |
| 2013                       | 5,961                           |          | 5,961           |
| 2014-2018                  | 29,803                          |          | 29,803          |
| Total                      | <u>\$59,608</u>                 |          | <u>\$59,608</u> |

| Year ending<br>December 31 | Ohio Public Works Commission #3 |          |                 |
|----------------------------|---------------------------------|----------|-----------------|
|                            | Principal                       | Interest | Total           |
| 2009                       | \$5,422                         |          | \$5,422         |
| 2010                       | 5,422                           |          | 5,422           |
| 2011                       | 5,422                           |          | 5,422           |
| 2012                       | 5,422                           |          | 5,422           |
| 2013                       | 5,422                           |          | 5,422           |
| 2014-2018                  | 27,110                          |          | 27,110          |
| 2019-2023                  | 27,110                          |          | 27,110          |
| Total                      | <u>\$81,330</u>                 |          | <u>\$81,330</u> |

VILLAGE OF GAMBIER  
KNOX COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

5. DEBT (continued)

| Year ending<br>December 31 | Ohio Public Works Commission #4 |          |                 |
|----------------------------|---------------------------------|----------|-----------------|
|                            | Principal                       | Interest | Total           |
| 2009                       | \$5,000                         |          | \$5,000         |
| 2010                       | 5,000                           |          | 5,000           |
| 2011                       | 5,000                           |          | 5,000           |
| 2012                       | 5,000                           |          | 5,000           |
| 2013                       | 5,000                           |          | 5,000           |
| Total                      | <u>\$25,000</u>                 | <u></u>  | <u>\$25,000</u> |

| Year ending<br>December 31 | Mortgage Revenue Bonds |                 |                  |
|----------------------------|------------------------|-----------------|------------------|
|                            | Principal              | Interest        | Total            |
| 2009                       | \$46,303               | \$18,850        | \$65,153         |
| 2010                       | 48,618                 | 16,535          | 65,153           |
| 2011                       | 51,049                 | 14,104          | 65,153           |
| 2012                       | 53,602                 | 11,551          | 65,153           |
| 2013                       | 56,282                 | 8,871           | 65,153           |
| 2014-2018                  | 121,146                | 9,160           | 130,306          |
| Total                      | <u>\$377,000</u>       | <u>\$79,072</u> | <u>\$456,071</u> |

6. RETIREMENT SYSTEMS

The Village officials and employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The plan provides retirement benefits, including post-retirement 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. During 2008 and 2007 OPERS members contributed 10% and 9.5% of their gross salaries, respectively. The Village contributed an amount equal to 14% (2008) and 13.75% (2007) of participants' gross salaries. The Village has paid all contributions required through December 31, 2008.

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.

The Village provides health insurance to full-time employees through a private carrier.

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# KNOX & KNOX

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Accountants and Consultants

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

Village of Gambier  
Knox County  
115 Meadow Lane  
P.O. Box 1984  
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, 2008 and 2007, and have issued our report thereon dated December 7, 2009, wherein we noted the Village followed accounting practices the Auditor of State prescribes 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 basis for designing our audit procedures in order to express our opinions on the financial statements, but not to opine on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Village's internal control will not prevent or detect a material financial statement misstatement.

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 internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies that might be considered material weaknesses. We reported other matters in separate letter to management dated December 7, 2009

COMPLIANCE AND OTHER MATTERS

As part of reasonably assuring whether the Village's basic 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 one instance of noncompliance that we must report under *Government Auditing Standards* and is shown in the schedule of findings as Finding 2008-01.

We intend this report solely for the information and use of the audit committee, management and Village Council. We intend it for no one other than these specified parties.

*KNOX & KNOX*

Orrville, Ohio  
December 7, 2009

VILLAGE OF GAMBIER  
KNOX COUNTY

SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007

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

FINDING NUMBER 2008-01

Noncompliance Citation

Ohio Revised Code Section 5705.41 (B) requires that no subdivision or taxing unit is to expend money unless it is properly appropriated.

Village expenditures exceeded appropriations at the fund level in the following instance.

| <u>Fund Type</u>        | <u>Appropriation</u> | <u>Expenditure</u> | <u>Variance</u> |
|-------------------------|----------------------|--------------------|-----------------|
| Capital Projects (2008) | \$30,500             | \$32,612           | (\$2,112)       |

The Village should monitor expenditures to avoid overspending.

Client Response: None







Mary Taylor, CPA  
Auditor of State

**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  
JANUARY 12, 2010**