

VILLAGE OF ITHACA

DAYTON REGION, DARKE COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005



Mary Taylor, CPA

Auditor of State

Members of Council
Village of Ithaca
PO Box 131
Ithaca, Ohio 45304-0131

We have reviewed the *Independent Accountants' Report* of the Village of Ithaca, Darke County, prepared by Manning & Associates, CPAs, LLC, for the audit period January 1, 2005 through December 31, 2006. 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 Ithaca is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

January 24, 2008

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**VILLAGE OF ITHACA
DARKE COUNTY**

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MANNING & ASSOCIATES CPAs, LLC
6105 NORTH DIXIE DRIVE
DAYTON, OHIO 45414

INDEPENDENT ACCOUNTANTS' REPORT

Village of Ithaca
Darke County
P.O. Box 131
Ithaca, Ohio 45304

To the Village Council:

We have audited the accompanying financial statements of the Village of Ithaca, Darke County, Ohio (the Village), as of and for the years ended December 31, 2006 and 2005. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on the financial statements based on our audit.

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

As described more fully in Note 1, the Village has prepared financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present GAAP requires presenting entity wide statements and also to presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require villages 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, 2006 and 2005 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, 2006 and 2005, or its changes in financial position 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 Ithaca, Darke County, as of December 31, 2006 and 2005, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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 a report dated August 15, 2007, on our consideration of the Village's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report 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 *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Manning & Associates CPAs, LLC
Dayton, Ohio

August 15, 2007

**VILLAGE OF ITHACA
DARKE COUNTY**

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

	<u>Governmental Fund Types</u>		Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Other Local Taxes	\$ 1,004	\$ 0	\$ 1,004
Intergovernmental Receipts	25,501	5,382	30,883
Charges for Services	281	0	281
Earnings on Investments	234	89	323
Total Cash Receipts	<u>27,020</u>	<u>5,471</u>	<u>32,491</u>
Cash Disbursements:			
Current:			
Security of Persons and Property	\$ 7,718	\$ 0	\$ 7,718
Public Health Service	281	0	281
Leisure Time Activities	932	0	932
Basic Utility Services	6,880	228	7,108
Transportation	0	620	620
General Government	9,757	0	9,757
Total Cash Disbursements	<u>25,568</u>	<u>848</u>	<u>26,416</u>
Total Receipts Over/(Under) Disbursements	<u>1,452</u>	<u>4,623</u>	<u>6,075</u>
Fund Cash Balances, January 1,	<u>42,288</u>	<u>17,545</u>	<u>59,833</u>
Fund Cash Balances, December 31,	<u>\$ 43,740</u>	<u>\$ 22,168</u>	<u>\$ 65,908</u>

The Notes to the Financial Statements are an integral part of this statement.

**VILLAGE OF ITHACA
DARKE COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES
IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Governmental Fund Types</u>		Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Other Local Taxes	\$ 888	\$ 0	\$ 888
Intergovernmental Receipts	24,998	5,780	30,778
Earnings on Investments	186	71	257
Miscellaneous	503	0	503
Total Cash Receipts	<u>26,575</u>	<u>5,851</u>	<u>32,426</u>
Cash Disbursements:			
Current:			
Security of Persons and Property	\$ 9,651	\$ 0	\$ 9,651
Public Health Service	279	0	279
Basic Utility Services	6,675	0	6,675
Transportation	0	5,353	5,353
General Government	13,447	0	13,447
Total Cash Disbursements	<u>30,052</u>	<u>5,353</u>	<u>35,405</u>
Total Receipts Over/(Under) Disbursements	<u>(3,477)</u>	<u>498</u>	<u>(2,979)</u>
Fund Cash Balances, January 1,	<u>45,765</u>	<u>17,047</u>	<u>62,812</u>
Fund Cash Balances, December 31,	<u>\$ 42,288</u>	<u>\$ 17,545</u>	<u>\$ 59,833</u>

The Notes to the Financial Statements are an integral part of this statement.

**VILLAGE OF ITHACA
DARKE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

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 Ithaca, Darke County, (the Village) as a body corporate and politic. A publicly elected six-member Council governs the Village. The Village provides general government services. The Village provides fire protection to residents by contracting with the Arcanum Fire Department.

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 maintains a checking account, which 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 reports all financial resources except those required to be accounted for in another fund.

**VILLAGE OF ITHACA
DARKE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting, continued

2. Special Revenue Funds

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

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

State Highway Improvement Fund – This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing state highways within the Village.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year-end.

2. Estimated Resources

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

**VILLAGE OF ITHACA
DARKE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process, continued

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year-end are carried over and need not be re-appropriated in the subsequent year. The Village did not encumber all commitments required by Ohio law.

A summary of 2006 and 2005 budgetary activity appears in Note 3.

F. 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 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>2006</u>	<u>2005</u>
Demand deposits	\$65,908	\$59,833
Total deposits	<u>\$65,908</u>	<u>\$59,833</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

**VILLAGE OF ITHICA
DARKE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005**

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2006 was as follows:

2006 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 19,005	\$ 27,020	\$ 8,015
Special Revenue	3,722	5,471	1,749
Total	<u>\$ 22,727</u>	<u>\$ 32,491</u>	<u>\$ 9,764</u>

2006 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 42,268	\$ 25,568	\$ 16,700
Special Revenue	17,565	848	16,717
Total	<u>\$ 59,833</u>	<u>\$ 26,416</u>	<u>\$ 33,417</u>

Budgetary activity for the year ending December 31, 2005 was as follows:

2005 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 19,370	\$ 26,574	\$ 7,204
Special Revenue	3,804	5,851	2,047
Total	<u>\$ 23,174</u>	<u>\$ 32,426</u>	<u>\$ 9,252</u>

2005 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 45,745	\$ 30,052	\$ 15,693
Special Revenue	17,063	5,353	11,710
Total	<u>\$ 62,808</u>	<u>\$ 35,405</u>	<u>\$ 27,403</u>

Contrary to Ohio law, expenditures exceeded appropriations at the legal level of control for certain accounts within the General fund in 2006, by \$457, and in the Street fund in 2005, by \$255.

**VILLAGE OF ITHACA
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2005**

4. PROPERTY TAX

Real property taxes become a lien on January 1 proceeding 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.

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

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

5. RETIREMENT SYSTEMS

The Village's officers participate in the Ohio Public Employees Retirement System (OPERS). OPERS is cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes the plans' retirement benefits, including postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 8.5 percent of their wages in 2005 and 9 percent of their wages in 2006. The Village contributed 13.55 percent of participants' gross salaries in 2005 and 13.70 percent in 2006. The Village has paid all contributions required through December 31, 2006.

6. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Property
- Liability
- Common Policy
- Automotive
- Floater

7. NONCOMPLIANCE

Contrary to Ohio Law, the Village failed to file its annual report with the Auditor of State within sixty days of fiscal year end.

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MANNING & ASSOCIATES, CPAs, LLC
6105 North Dixie Drive
Dayton, Ohio 45414

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

Village of Ithaca
Darke County
P.O. Box 131
Ithaca, Ohio 45304

To the Village Council:

We have audited the financial statements of the Village of Ithaca, Darke County, Ohio (the Village) as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated August 15, 2007, 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 audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity'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-consequential financial statement misstatement.

Internal Control Over Financial Reporting, continued

We consider the following deficiencies described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting: 2006-004.

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 the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, of the significant deficiency described above, we believe finding number 2006-004 is also material weakness.

We also noted certain internal control matters that we reported to the Village's management in a separate letter dated August 15, 2007.

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, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2006-001 through 2006-003.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated August 15, 2007.

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

Manning & Associates CPAs, LLC
Dayton, Ohio

August 15, 2007

VILLAGE OF ITHACA
DARKE COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005

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

FINDING NUMBER 2006-001

Ohio Rev. Code Section 5705.41(D) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in Sections 5705.41(D) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. **"Then and Now" certificate** – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for the payment of the amount due. The Village has thirty days from the receipt of the "then and Now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village.

2. **Blanket certificate** – The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one line item appropriation.

VILLAGE OF ITHACA
DARKE COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005

<p>FINDING RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</p>

FINDING NUMBER 2006-001, continued

3. **Super Blanket certificate** – The Village may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any one line item appropriation.

The Village did not properly certify the availability of funds prior to purchase commitment for 100% of disbursements reviewed during 2006 and 2005, and there was no evidence that the Village followed the aforementioned exceptions. The failure to properly certify the availability of funds can result in overspending and negative cash fund balances.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, we recommend that the Village's Fiscal Officer certify that the funds are or will be available prior to the obligation by the Village. When prior certification is not possible, "then and now" certification should be used.

We recommend the Village certify purchases to which section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The fiscal officer should sign the certification at the time the Village incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The fiscal officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

Response: The Village will include procedures for using purchase orders in the future.

VILLAGE OF ITHACA
DARKE COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005

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

FINDING NUMBER 2006-002

Failure to File Annual Reports

Ohio Rev. Code Section 117.38 requires each public office to file a financial report for each fiscal year with the Auditor of State within 60 days. It further requires that upon filing the Fiscal Officer shall publish notice in a newspaper of general circulation in the subdivision that the annual financial report has been completed and is available for inspection at the office of the Township.

The Township failed to file the annual report with the Auditor of State for 2006.

The Township Trustees should develop procedures for monitoring compliance with the annual report filing and publication requirements.

Response: The Fiscal Officer will follow year end closing procedures, including the completion of annual filings in the future.

FINDING NUMBER 2006-003

Ohio Rev. Code Section 5705.41(B) states that no subdivision or taxing authority is to expend money unless it has been appropriated. During 2006, expenditures exceeded appropriations in the General Fund for Solicitor Fees. During 2005, expenditures exceeded appropriations in the Street Fund for snow removal, at the legal level of control. The following variances were noted:

Fund	2006	2005
General Fund - Solicitor	\$457	
Street Fund - Snow Removal		\$255

Response: we did not receive a response from the Village.

**VILLAGE OF ITHACA
DARKE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005**

<p>FINDING RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</p>
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FINDING NUMBER 2006-003

Annual Financial Reports

The annual financial reports by the Fiscal Officer for 2006 and 2005 were not complete, accurate, and did not properly classify certain receipts and disbursements. The annual financial reports submitted for 2006 and 2005:

- Omitted budgetary statements completely.
- Were missing total columns
- Were not mathematically accurate.
- Erroneously classified many intergovernmental receipts as taxes and other receipts, and classified transportation disbursement as public health services and community environmental disbursements.
- Did not include all disbursements activity of the Village.

This required the reclassification of intergovernmental receipts, taxes, and other receipts as well as transportation, public health services, and community environment disbursements to properly present the activity of the Village for both years. All receipts and disbursements should be posted in accordance with the Village handbook chart of accounts established by the Auditor of State.

The failure to post receipts and disbursements to the correct accounts could result in a material misstatement on the financial statements. Procedures should be implemented to determine that all activity is posted to the appropriate fund and account.

Response: Council will review the annual financial reports for all future filings for completeness.

**VILLAGE OF ITHICA
DARKE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2006 AND 2005**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; of Finding no longer Valid; Explain:
2004 - 01	ORC 5705.41 (D) Failure to certify the availability of funds prior to incurring obligations	No	Re-issued as finding 2006 - 001



Mary Taylor, CPA
Auditor of State

VILLAGE OF ITHACA

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 7, 2008