



**VILLAGE OF GLOUSTER
ATHENS COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**VILLAGE OF GLOUSTER
TABLE OF CONTENTS**

TITLE	PAGE
Report of Independent Accountants	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 1999	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – Proprietary Fund Type and Similar Fiduciary Fund – For the Year Ended December 31, 1999	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 1998	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – Proprietary Fund Type and Similar Fiduciary Fund – For the Year Ended December 31, 1998	6
Notes to the Financial Statements	7
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	15
Schedule of Findings	17
Schedule of Prior Audit Findings	20

This page intentionally left blank.



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

743 East State Street
Athens Mall, Suite B
Athens, Ohio 45701
Telephone 740-594-3300
800-441-1389
Facsimile 740-594-2110
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Village of Glouster
Athens County
16 ½ Front Street
P.O. Box 188
Glouster, Ohio 45732

To the Village Council:

We have audited the accompanying financial statements of the Village of Glouster, Athens County, Ohio, (the Village) as of and for the years ended December 31, 1999 and 1998. 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 generally accepted auditing standards 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 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 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 and reserves for encumbrances of the Village of Glouster, Athens County, as of December 31, 1999 and 1998, 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 August 21, 2000 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.

This report is intended solely for the information and use of the management, 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.

A handwritten signature in black ink, appearing to read "Jim Petro".

Jim Petro
Auditor of State

August 21, 2000

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

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$ 26,927	\$ 48,762	\$	\$ 75,689
Intergovernmental Receipts	111,570	84,703		196,273
Charges for Services	10,400	5,000		15,400
Fines, Licenses, and Permits	29,956	2,715		32,671
Miscellaneous	17,935	101,922		119,857
Total Cash Receipts	<u>196,788</u>	<u>243,102</u>	<u>0</u>	<u>439,890</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	119,189	44,379		163,568
Public Health Services	1,072			1,072
Leisure Time Activities		10,527		10,527
Transportation		88,473		88,473
General Government	124,775			124,775
Debt Service:				
Principal Payments			38,015	38,015
Interest Payments			2,572	2,572
Total Cash Disbursements	<u>245,036</u>	<u>143,379</u>	<u>40,587</u>	<u>429,002</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(48,248)</u>	<u>99,723</u>	<u>(40,587)</u>	<u>10,888</u>
Other Financing Receipts/(Disbursements):				
Transfers-In			10,000	10,000
Transfers-Out		(10,000)		(10,000)
Other Sources	42,652	15,952	35,587	94,191
Other Uses		(19,184)		(19,184)
Total Other Financing Receipts/(Disbursements)	<u>42,652</u>	<u>(13,232)</u>	<u>45,587</u>	<u>75,007</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(5,596)</u>	<u>86,491</u>	<u>5,000</u>	<u>85,895</u>
Fund Cash Balances, January 1	<u>7,617</u>	<u>37,580</u>		<u>45,197</u>
Fund Cash Balances, December 31	<u>\$ 2,021</u>	<u>\$ 124,071</u>	<u>\$ 5,000</u>	<u>\$ 131,092</u>
Reserves for Encumbrances, December 31	<u>\$ 942</u>	<u>\$ 1,744</u>	<u>\$ 0</u>	<u>\$ 2,686</u>

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

**VILLAGE OF GLOSUTER
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUND
 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>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$ 943,544	\$	\$ 943,544
Miscellaneous	36,392		36,392
Total Operating Cash Receipts	<u>979,936</u>	<u>0</u>	<u>979,936</u>
Operating Cash Disbursements:			
Personal Services	200,727		200,727
Fringe Benefits	2,775		2,775
Contractual Services	638,091		638,091
Supplies and Materials	59,740		59,740
Capital Outlay	252,747		252,747
Total Operating Cash Disbursements	<u>1,154,080</u>	<u>0</u>	<u>1,154,080</u>
Operating Income/(Loss)	<u>(174,144)</u>	<u>0</u>	<u>(174,144)</u>
Non-Operating Cash Receipts:			
Intergovernmental Receipts	224,344		224,344
Other Non-Operating Cash Receipts	1,918	32,552	34,470
Total Non-Operating Cash Receipts	<u>226,262</u>	<u>32,552</u>	<u>258,814</u>
Non-Operating Cash Disbursements:			
Other Non-Operating Cash Disbursements		34,902	34,902
Total Non-Operating Cash Disbursements	<u>0</u>	<u>34,902</u>	<u>34,902</u>
Net Receipts Over/(Under) Disbursements	52,118	(2,350)	49,768
Fund Cash Balances, January 1	<u>164,218</u>	<u>3,060</u>	<u>167,278</u>
Fund Cash Balances, December 31	<u>\$ 216,336</u>	<u>\$ 710</u>	<u>\$ 217,046</u>
Reserves for Encumbrances, December 31	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

**VILLAGE OF GLOUSTER
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$ 16,457	\$ 29,891	\$	\$ 46,348
State Shared Taxes and Permits	74,214	63,730		137,944
Special Assessments		5,000		5,000
Charges for Services		9,510		9,510
Fines, Licenses, and Permits	32,647	20		32,667
Earnings on Investments	10,935			10,935
Miscellaneous	19,291	12,039		31,330
Total Cash Receipts	<u>153,544</u>	<u>120,190</u>	<u>0</u>	<u>273,734</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	104,569	20,996		125,565
Public Health Services	1,560			1,560
Leisure Time Activities		10,693		10,693
Transportation		95,448		95,448
General Government	84,059	255		84,314
Debt Service:				
Principal Payments			49,565	49,565
Interest Payments			3,011	3,011
Total Cash Disbursements	<u>190,188</u>	<u>127,392</u>	<u>52,576</u>	<u>370,156</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(36,644)</u>	<u>(7,202)</u>	<u>(52,576)</u>	<u>(96,422)</u>
Other Financing Receipts/(Disbursements):				
Transfers-In			10,000	10,000
Transfers-Out		(10,000)		(10,000)
Other Sources	18,000		42,576	60,576
Total Other Financing Receipts/(Disbursements)	<u>18,000</u>	<u>(10,000)</u>	<u>52,576</u>	<u>60,576</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(18,644)</u>	<u>(17,202)</u>	<u>0</u>	<u>(35,846)</u>
Fund Cash Balances, January 1	<u>26,261</u>	<u>54,782</u>	<u>0</u>	<u>81,043</u>
Fund Cash Balances, December 31	<u>\$ 7,617</u>	<u>\$ 37,580</u>	<u>\$ 0</u>	<u>\$ 45,197</u>
Reserves for Encumbrances, December 31	<u>\$ 0</u>	<u>\$ 20,618</u>	<u>\$ 0</u>	<u>\$ 20,618</u>

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

**VILLAGE OF GLOUSTER
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUND
 FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$ 931,149	\$	\$ 931,149
Miscellaneous	31,231		31,231
	<u>962,380</u>	<u>0</u>	<u>962,380</u>
Operating Cash Disbursements:			
Personal Services	198,724		198,724
Fringe Benefits	1,854		1,854
Contractual Services	679,904		679,904
Supplies and Materials	76,003		76,003
Capital Outlay	247,145		247,145
	<u>1,203,630</u>	<u>0</u>	<u>1,203,630</u>
Operating Income/(Loss)	<u>(241,250)</u>	<u>0</u>	<u>(241,250)</u>
Non-Operating Cash Receipts:			
Intergovernmental Receipts	187,571		187,571
Other Non-Operating Cash Receipts		49,473	49,473
	<u>187,571</u>	<u>49,473</u>	<u>237,044</u>
Non-Operating Cash Disbursements:			
Other Non-Operating Cash Disbursements	4,233	49,164	53,397
	<u>4,233</u>	<u>49,164</u>	<u>53,397</u>
Net Receipts Over/(Under) Disbursements	4,233	4,233	4,233
Fund Cash Balances, January 1	<u>222,130</u>	<u>2,751</u>	<u>224,881</u>
Fund Cash Balances, December 31	<u>\$ 226,363</u>	<u>\$ 6,984</u>	<u>\$ 229,114</u>
Reserves for Encumbrances, December 31	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

**VILLAGE OF GLOUSTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Glouster, Athens 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 maintenance of streets, water and electric utility services, park operations (leisure time activities), and police and fire protection services.

The Village is associated with the Trimble Wastewater Treatment District, which is defined as a jointly governed organization. This organization is presented in Note 9.

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

Investment procedures are restricted by the provisions of the Ohio Revised Code. Certificates of deposit are valued at cost and are neither charged when purchased nor credited at the time of redemption to their respective fund balances. Interest earned is recognized and recorded when received.

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.

VILLAGE OF GLOUSTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

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 Funds:

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

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

Permissive Tax Fund - This fund receives additional motor vehicle license tax money for constructing, maintaining and repairing Village streets.

Parks and Recreation Fund - This fund receives money from donations and is used to maintain the Village park.

Fire Levy Fund - This fund receives money from a tax levy approved by the voters to provide fire protection for the Village.

Street Levy Fund - This fund receives money from a tax levy approved by the voters for constructing, maintaining, and repairing Village streets.

Federal Emergency Management Agency (FEMA) Fund - This fund received grant proceeds during 1998 to fund repairs to flood-damaged property of the Village.

3. Debt Service Fund

These funds are used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following Debt Service Fund:

Fire Equipment Note Retirement Fund - This fund receives transfers from the Fire Levy Fund for the payment of principal and interest on a note issued for the purchase of a fire truck.

4. 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.

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

VILLAGE OF GLOUSTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

4. Enterprise Funds (Continued)

Guaranteed Deposit Fund - This fund receives money from deposits for water service. This money is returned when the service is discontinued.

5. Fiduciary Funds (Agency Funds)

Agency funds are used to account for funds for which the District is acting in an agency capacity. The Village had the following Agency Fund:

Mayor's Court Fund - This fund accounts for the financial activity of Mayor's Court.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) 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. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash balances 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 carried over, and need not be reappropriated. The Village did not encumber all commitments required by Ohio law.

A summary of 1999 and 1998 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.

VILLAGE OF GLOUSTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

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>1999</u>	<u>1998</u>
Demand deposits	\$ 228,138	\$ 92,475
Certificates of Deposit	120,000	120,000
	<u>\$ 348,138</u>	<u>\$ 212,475</u>

Deposits: Deposits are either (1) insured by the Federal Deposit Insurance Corporation or (2) collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and 1998, follows:

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 91,920	\$ 239,440	\$ 147,520
Special Revenue	135,315	259,054	123,739
Debt Service	10,000	45,587	35,587
Enterprise	<u>1,875,775</u>	<u>1,206,198</u>	<u>(669,577)</u>
Total	<u>\$ 2,113,010</u>	<u>\$ 1,750,279</u>	<u>\$ (362,731)</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 0	\$ 245,978	\$ (245,978)
Special Revenue	0	174,307	(174,307)
Debt Service	0	40,587	(40,587)
Enterprise	<u>0</u>	<u>1,154,080</u>	<u>(1,154,080)</u>
Total	<u>\$ 0</u>	<u>\$ 1,614,952</u>	<u>\$ (1,614,952)</u>

1998 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 84,793	\$ 171,544	\$ 86,751
Special Revenue	210,571	120,190	(90,381)
Debt Service	10,000	52,576	42,576
Enterprise	<u>1,875,776</u>	<u>1,149,951</u>	<u>(725,825)</u>
Total	<u>\$ 2,181,140</u>	<u>\$ 1,494,261</u>	<u>\$ (686,879)</u>

VILLAGE OF GLOUSTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 0	\$ 190,188	\$ (190,188)
Special Revenue	0	158,010	(158,010)
Debt Service	0	52,576	(52,576)
Enterprise	0	1,207,863	(1,207,863)
Total	\$ 0	\$ 1,608,637	\$ (1,608,637)

Actual expenditures exceeded appropriations for every fund in 1998 and in 1999, contrary to Ohio law.

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.

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

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, 1999, was as follows:

	Principal	Interest Rate
General Obligation Note	\$ 33,169	6.75%

The General Obligation Note relates to the purchase of a fire truck by the Village and is payable from the taxes levied on all property of the Village. The note was partially paid, with the balance being rolled-over into another general obligation note.

**VILLAGE OF GLOUSTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

5. DEBT (Continued)

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

<u>Year ending December 31:</u>	<u>General Obligation Note</u>
2000	<u>\$ 35,408</u>

6. RETIREMENT SYSTEMS

All of the Village's full-time law enforcement officers belong to the Ohio Police and Fire Pension Fund (OP & F). Other full-time employees, part-time law enforcement officers and some elected officials belong to the Public Employees Retirement System (PERS) of Ohio. OP & F and PERS are 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 1999 and 1998, members of OP & F contributed 10% of their wages to the OP & F. The Village contributed an amount equal to 19.5% of their wages. For 1999 and 1998, members of PERS contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. At December 31, 1999 the balance outstanding to OP & F was \$4,551.63 and the balance outstanding to PERS was \$XX,XXX.

7. CONTRACTUAL COMMITMENTS

The Village had a significant contract outstanding at December 31, 1999, as follows:

<u>Contractor</u>	<u>Purpose</u>	<u>Amount</u>
Morgan Construction	Water Line Project	<u>\$79,568</u>

8. RISK MANAGEMENT

The Village carried commercial insurance for the following risks:

- General liability and casualty
- Property
- Vehicles
- Public officials' liability

The Village also provides health to its officials and full-time employees through a private carrier.

VILLAGE OF GLOUSTER
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

9. JOINTLY GOVERNED ORGANIZATION

Trimble Township Wastewater Treatment District - The Trimble Township Wastewater Treatment District is a regional sewer district organized under Chapter 6119 of the Ohio Revised Code. The District operates under the direction of an eight member Board of Trustees whose membership is composed of two appointments from each of the participating subdivisions: Village of Trimble, Village of Jacksonville, Village of Glouster, and Trimble Township. The membership elects a President, Vice-President, and a Secretary-Treasurer, who are responsible for fiscal control of the financial resources of the District. To obtain financial information, write to the Trimble Township Wastewater Treatment District, Mary Ann Dupler, Secretary-Treasurer, at 18551 Jacksonville Road, P.O. Box 278, Jacksonville, Ohio 45740. During 1998, the Village paid the District \$1,189 for sewer services. During 1999, the Village paid the District \$1,788 for sewer services.

This page intentionally left blank.



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

743 East State Street
Athens Mall, Suite B
Athens, Ohio 45701
Telephone 740-594-3300
800-441-1389
Facsimile 740-594-2110
www.auditor.state.oh.us

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

Village of Glouster
Athens County
16 ½ Front Street
P.O. Box 188
Glouster, OH 45732

To the Village Council:

We have audited the accompanying financial statements of the Village of Glouster, Athens County, Ohio, (the Village) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated August 21, 2000. We conducted our audit in accordance with generally accepted auditing standards 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 audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 1999-30705-001 to 1999-30705-005. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated August 21, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, 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 statement and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely effect the Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings as item 1999-30705-006.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not consider the reportable condition described above to be a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the management of the Village in a separate letter dated August 21, 2000.

This report is intended for the information and use of the management and the 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

August 21, 2000

**VILLAGE OF GLOUSTER
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998**

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

FINDING NUMBER 1999-30705-001

Noncompliance Citation

Ohio Rev. Code Section 4115.04 states that the prevailing wage laws essentially require an entity to obtain the prevailing wages in their area for the types of labor required to complete the project they are going to bid before such project is bid and again when the contract is awarded, if the award is made more than 90 days after the original prevailing wage is determined.

The Morgan Construction contract contained the prevailing wage language, however, the Village was not monitoring payroll information to ensure that the prevailing wage was actually paid and the prevailing wage was not paid by one of the contractors. This could result in the Village being responsible for paying the difference between the amount that was actually paid by the contractor and the prevailing wage rate as well as forfeiture of federal and state grant monies.

We recommend the Village monitor payroll information to ensure that contractors are compensating employees based on the prevailing wage rate established in the contract.

FINDING NUMBER 1999-30705-002

Noncompliance Citation

Ohio Rev. Code Section 5705.38 states that on or about the first day of each fiscal year, an appropriation measure is to be passed. If the taxing authority wants to postpone the passage of the annual appropriation measure until an amended certificate is received from the county budget commission based upon the actual year end balances, it may pass a temporary appropriation measure for meeting the ordinary expenses until April 1.

The Village did not pass a permanent appropriation measure for 1998 or 1999. A temporary appropriation measure was passed for 1998, however, it was not passed until July 16, which is after the permitted time period. In the absence of a permanent appropriation resolution, Council and management lose the ability to regulate the Village's spending, which could result in deficit balances.

We recommend the Village adopt a temporary appropriation measure on or about the first day of each fiscal year to cover current expenditures if it is anticipated that the adoption of the permanent appropriation measure will be postponed. The permanent appropriation measure should be adopted by April 1.

**VILLAGE OF GLOUSTER
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
--

FINDING NUMBER 1999-30705-003

Noncompliance Citation

Ohio Rev. Code Section 5705.36 states that on or about the first day of each fiscal year, the fiscal officers of subdivisions and other taxing units are to certify to the County Auditor the total amount from all sources which is available for expenditures from each fund in the tax budget along with any unencumbered balances that existed at the end of the preceding year. In addition, it states that subdivisions are to request a reduced amended certificate upon determination by the fiscal officer that revenue to be collected will less than the amount in the official certificate of estimated resources.

The Village did not file a certificate of the Total Amount From All Sources Available for Expenditures with the County Auditor for 1998 or 1999.

We recommend the Village certify revenue available for expenditures with the County Auditor on or about the first day of each fiscal year. We also recommend the Village seek a reduced amended certificate of estimated resources when it is determined that actual receipts will be less than estimated receipts. A corresponding amendment to appropriations should also be made, if necessary.

FINDING NUMBER 1999-30705-004

Noncompliance Citation

Ohio Rev. Code Section 5705.41(B) states that no subdivision or taxing unit is to expend money unless it has been properly appropriated.

The Village expended money without the benefit of appropriations. This could result in fund deficits.

We recommend the Village Council adopt appropriation measures prior to expending funds. In addition, the Council should review budgetary information on a regular basis to ensure disbursements have not exceeded appropriations and seek amendments as needed.

FINDING NUMBER 1999-30705-005

Noncompliance Citation

Ohio Rev. Code Section 5705.41(D) states that no subdivision or taxing authority shall make any contract or order an expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same has been lawfully appropriated for such purposes and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon. This section provides two "exceptions" to the above requirement:

- A. "Then and Now" Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was appropriated and free from any previous encumbrances, the Village Council may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.

**VILLAGE OF GLOUSTER
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
--

FINDING NUMBER 1999-30705-005 (Continued)

Noncompliance Citation (Continued)

Ohio Rev. Code Section 5705.41(D) (Continued)

- B. If the amount involved is less than one thousand dollars, the fiscal officer may authorize it to be paid without the affirmation of the Village Council.

The Village did not certify the availability of funds and, accordingly, did not obtain the necessary prior certification of available funds before incurring any commitments.

We recommend the Village utilize purchase orders and obtain the fiscal officer's certification of the availability of funds prior to a commitment being incurred.

FINDING NUMBER 1999-30705-006

Reportable Condition

Financial Records

Not all of the receipts and disbursements were recorded in the records of the Village and the ledgers were not consistently maintained during the audit period, which resulted in the Village books not being balanced and/or reconciled with the bank. As a result, additional audit charges were incurred in order to complete the audit.

We recommend all transactions be posted to the Village records as they occur. The Village should follow the guidelines found in Ohio Admin. Code Sections 117-5-09 through 117-5-11, which provide formats and instructions for the posting of the cash journal, receipts ledger, and appropriations ledger.

**VILLAGE OF GLOUSTER
SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 1999 AND 1998**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid
1997-30705-001	Material noncompliance citation of Ohio Rev. Code Section 5705.41(D) for not certifying the availability of funds prior to incurring obligations.	No	Not Corrected. Citation repeated in the Schedule of Findings as item 1999-30705-005.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

VILLAGE OF GLOUSTER

ATHENS 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
OCTOBER 19, 2000**