



**VILLAGE OF GLOUSTER  
ATHENS COUNTY  
REGULAR AUDIT  
FOR THE YEARS ENDED DECEMBER 31, 2019-2018**

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Village Council  
Village of Glouster  
16 Front Street  
Glouster, Ohio 45732

We have reviewed the *Independent Auditor's Report* of the Village of Glouster, Athens County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2018 through December 31, 2019. 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.

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 Glouster is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

**June 23, 2021**

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VILLAGE OF GLOUSTER  
ATHENS COUNTY

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## INDEPENDENT AUDITOR'S REPORT

May 31, 2021

Village of Glouster  
Athens County  
16 Front Street  
Glouster, Ohio 45732

To the Village Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of **Village of Glouster**, Athens County, (the Village) as of and for the years ended December 31, 2019 and 2018.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations  
Members: American Institute of Certified Public Accountants  
• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners • Association of Certified Anti-Money Laundering Specialists •

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

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

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

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

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2019 and 2018, and the respective changes in financial position or cash flows thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Village of Glouster, Athens County as of December 31, 2019 and 2018, and for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

***Emphasis of Matter***

As discussed in Note 13 in 2019 and Note 12 in 2018 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2021, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



**Perry & Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio



**VILLAGE OF GLOUSTER  
ATHENS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$ 64,426	\$ 125,773	\$ 190,199
Intergovernmental	71,428	159,732	231,160
Special Assessments	-	13,558	13,558
Charges for Services	36,000	30,000	66,000
Fines, Licenses and Permits	14,508	1,425	15,933
Earnings on Investments	10,842	-	10,842
Miscellaneous	20,439	12,191	32,630
<i>Total Cash Receipts</i>	<u>217,643</u>	<u>342,679</u>	<u>560,322</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	193,847	65,808	259,655
Leisure Time Activities	-	38,990	38,990
Transportation	-	136,694	136,694
General Government	56,240	-	56,240
Capital Outlay	5,008	-	5,008
Debt Service:			
Principal Retirement	6,357	-	6,357
Interest and Fiscal Charges	34	-	34
<i>Total Cash Disbursements</i>	<u>261,486</u>	<u>241,492</u>	<u>502,978</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(43,843)</u>	<u>101,187</u>	<u>57,344</u>
<b>Other Financing Receipts</b>			
Other Debt Proceeds	5,008	-	5,008
<i>Total Other Financing Receipts</i>	<u>5,008</u>	<u>-</u>	<u>5,008</u>
<i>Net Change in Fund Cash Balances</i>	(38,835)	101,187	62,352
<i>Fund Cash Balances, January 1</i>	<u>112,212</u>	<u>157,881</u>	<u>270,093</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	-	259,068	259,068
Assigned	73,377	-	73,377
<i>Fund Cash Balances, December 31</i>	<u>\$ 73,377</u>	<u>\$ 259,068</u>	<u>\$ 332,445</u>

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

**VILLAGE OF GLOUSTER  
ATHENS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
PROPRIETARY & FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Proprietary Fund Types	Fiduciary Fund Types	Totals
	Enterprise	Agency	(Memorandum Only)
<b>Operating Cash Receipts</b>			
Charges for Services	\$ 1,771,144	\$ -	\$ 1,771,144
Fines, Licenses and Permits	-	22,136	22,136
<i>Total Operating Cash Receipts</i>	<u>1,771,144</u>	<u>22,136</u>	<u>1,793,280</u>
<b>Operating Cash Disbursements</b>			
Personal Services	119,063	-	119,063
Employee Fringe Benefits	119,486	-	119,486
Contractual Services	1,090,426	-	1,090,426
Supplies and Materials	120,900	-	120,900
Other	43,570	22,440	66,010
<i>Total Operating Cash Disbursements</i>	<u>1,493,445</u>	<u>22,440</u>	<u>1,515,885</u>
<i>Operating Income (Loss)</i>	<u>277,699</u>	<u>(304)</u>	<u>277,395</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Intergovernmental	120,395	-	120,395
Special Assessments	18,629	-	18,629
Other Debt Proceeds	1,087,461	-	1,087,461
Miscellaneous Receipts	27,966	-	27,966
Capital Outlay	(1,348,628)	-	(1,348,628)
Principal Retirement	(130,000)	-	(130,000)
Interest and Other Fiscal Charges	(9,202)	-	(9,202)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(233,379)</u>	<u>-</u>	<u>(233,379)</u>
<i>Net Change in Fund Cash Balances</i>	44,320	(304)	44,016
<i>Fund Cash Balances, January 1</i>	<u>808,263</u>	<u>3,112</u>	<u>811,375</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 852,583</u>	<u>\$ 2,808</u>	<u>\$ 855,391</u>

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

**VILLAGE OF GLOUSTER**  
*ATHENS COUNTY*  
**NOTES TO THE FINANCIAL STATEMENTS**  
*FOR THE YEAR ENDED DECEMBER 31, 2019*

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**Note 1 – Reporting Entity**

The Village of Glouster (the Village), Athens County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and electric utilities, park operations, fire protection services, maintenance of streets and highways, and police services.

***Jointly Governed Organizations and Public Entity Risk Pools***

The Village participates in a jointly governed organization and a public entity risk pool. Notes 7 and 12 to the financial statements provide additional information for these entities. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

***Fund Accounting***

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

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

***Fire Levy Fund*** This fund receives tax levy money for provision of fire protection services.

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

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

***Electric Operating Fund*** This fund receives charges for services from residents to cover electric utility service costs.

**VILLAGE OF GLOUSTER**  
**ATHENS COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

**Fiduciary Funds** Fiduciary funds include agency funds. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations, or other governments. The Village's agency funds account for unclaimed funds and Mayor's Court activity.

**Basis of Accounting**

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

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

**Budgetary Process**

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

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

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

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

A summary of budgetary activity appears in Note 4.

**Deposits and Investments**

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

**Capital Assets**

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

**Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**VILLAGE OF GLOUSTER**  
**ATHENS COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Fund Balance***

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

***Nonspendable*** – The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

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

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

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

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

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

**Note 3 – Compliance**

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Street Construction, Maintenance and Repair Fund by \$21,521, the State Grant Fund by \$36,599, and the Police Levy Fund by \$2,165 for the year ended December 31, 2019.

**VILLAGE OF GLOUSTER**  
**ATHENS COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**Note 4 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 223,313	\$ 222,651	\$ (662)
Special Revenue	196,678	342,679	146,001
Enterprise	2,980,111	3,025,595	45,484
Total	\$ 3,400,102	\$ 3,590,925	\$ 190,823

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 345,325	\$ 296,740	\$ 48,585
Special Revenue	344,757	272,632	72,125
Enterprise	3,730,780	3,081,288	649,492
Total	\$ 4,420,862	\$ 3,650,660	\$ 770,202

**Note 5 – Deposits**

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit and investment accounts are as follows:

Demand deposits	2019 \$ 937,836
Certificates of deposit	250,000
Total deposits	\$ 1,187,836

**Deposits**

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**VILLAGE OF GLOUSTER**  
**ATHENS COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

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**Note 6 – Taxes**

**Property Taxes**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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

**Note 7 – Risk Management**

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 776 members as of December 31, 2019.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2019.

Assets	\$ 15,920,504
Liabilities	( 11,329,011)
Members' Equity	<u>\$ 4,591,493</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**VILLAGE OF GLOUSTER**  
**ATHENS COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

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**Note 8 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Some Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits. The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2019.

***Ohio Police and Fire Retirement System***

The Village's full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2019.

***Social Security***

One Village employee contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2019.

**Note 9 – Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4 percent during calendar year 2019. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

**Note 10 – Debt**

Debt outstanding at December 31, 2019, was as follows:

	Principal	Interest Rate
OWDA #7895 - Water Distribution System Improvements	\$ 1,265,652	0%
Total	\$ 1,265,652	



**VILLAGE OF GLOUSTER**  
*ATHENS COUNTY*  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

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**Note 10 – Debt (Continued)**

The Ohio Water Development Authority (OWDA) loan relates to a water distribution system improvement project. OWDA approved up to \$2,510,148 in loans to the Village for this project. A portion of the is debt is part of a principal forgiveness program. Payments are not due until July 1, 2020. The OWDA will adjust scheduled payment to reflect any revisions in amounts the Village borrows. Water receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. There is no amortization table available for this loan.

In 2018, the Village obtained a loan from First National Bank to renovate and expand the Village Hall. In 2019, disbursements totaling \$5,008 were paid directly to vendors from the bank to plan the project. Due to the high costs, the project was discontinued, the outstanding balance was paid, and the loan was canceled in 2019.

The Village is a member of American Municipal Power (AMP) and has participated in the AMP Generating Station Project (AMPGS). This project intended to develop a pulverized coal power plant in Meigs County, Ohio. The Village's share was 600 kilowatts of a total 666,679 kilowatts, giving the village a .09 percent share. THE AMPGS Project required participants to sign 'take or pay' contracts with AMP. As such the participants are obligated to pay any costs incurred for the project. In November 2009, the participants voted to terminate the AMPGS Project due to projected escalating costs. These costs were therefore deemed impaired and participants were obligated to pay costs already incurred. In prior years the payment of these costs was not considered probable due to AMP's pursuit of legal action to void them. As a result of a March 31, 2014 legal ruling, the AMP Board of Trustees on April 15, 2014 and the AMPGS participants on April 16, 2014 approved the collection of the impaired costs and provided the participants with an estimate of their liability.

The Village's estimated share on March 31, 2014 was \$104,801. The Village received a credit of \$27,135 related to the AMPGS costs deemed to have future benefit for the project participants, leaving a net impaired cost estimate of \$77,666. Any additional costs (including line-of-credit interest and legal fees) or amounts received related to the project will impact, either positively or negatively, the Village's net impaired cost balance. These amounts will be recorded as they become estimable.

In late 2016, AMP reached a Settlement in the Bechtel Corporation litigation. On December 8, 2016, at the AMPGS Participants meeting, options for the allocation of the Settlement funds were approved. The AMPGS Participants and the AMP Board of Trustees voted to allocate the Settlement among the participants and the AMP General Fund based on each participant's original project share in kw including the AMP General Fund's project share.

Since March 31, 2014 the Village has made payments of \$25,889 to AMP toward its net impaired cost estimate. Also since March 31, 2014, the Village's allocation of additional costs incurred by the project is \$1,260 and interest expense incurred on AMP's line-of-credit of \$6,947, resulting in a net impaired cost estimate at December 31, 2019 of \$59,984. The Village does have a potential PHFU Liability of \$30,125 resulting in a net total potential liability of \$90,109, assuming the assets making up the PHFU (principally the land comprising the Meigs County site) have no value and also assuming the Village's credit balance would earn zero interest. Stranded costs as well as PHFU costs are subject to change, including future borrowing costs on the AMP line of credit. Activities include items such negative items as property taxes as well as positive items revenue from leases or sale of all or a portion of the Meigs County site property.

The Village elected to finance this amount by paying a yearly lump sum payment of \$5,178 for 15 years. This is the most recent available information until Amp-Ohio's 2019 audit is complete.

**VILLAGE OF GLOUSTER**  
*ATHENS COUNTY*  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

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**Note 10 – Debt (Continued)**

**Leases**

The Village leases the Village Hall to the Water and Electric Department located at 16 Front Street for \$3,000 per month.

The Village leases the Glouster Depot on High Street to Glouster Village Project for \$1 for 20 years.

**Note 11 – Contingent Liabilities**

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**Note 12 – Jointly Governed Organizations**

The Trimble Township Wastewater Treatment District, Athens County, Ohop (the District), is a regional sewer district organized under Ohio Revised Code Chapter 6119, by the Athens County Common Pleas Court on October 3, 1986. The District operates under the direction of an eight member Board of Trustees whose membership is comprised of two appointments from each of the participating subdivisions. The membership elects a President, Vice-President, and a Secretary/Treasurer, who are responsible for fiscal control of the financial resources of the District. The District was established to provide a modern, efficient, and effective wastewater treatment system to promote the general health and safety of the citizens of the district and to make economic development in the area more feasible. The District services all or parts of the following political subdivisions:

- Village of Glouster
- Village of Jacksonville
- Village of Trimble
- Trimble Township

During 2019, the Village of Glouster paid the District \$2,081 for sewer services.

**Note 13 – Subsequent Events**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, any recovery from emergency funding, either federal or state, cannot be estimated.

**VILLAGE OF GLOUSTER  
ATHENS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$ 61,076	\$ 100,354	\$ 161,430
Intergovernmental	76,067	110,291	186,358
Special Assessments	-	248	248
Charges for Services	36,000	-	36,000
Fines, Licenses and Permits	16,028	1,240	17,268
Earnings on Investments	11,126	-	11,126
Miscellaneous	8,209	4,970	13,179
	<b>Total Cash Receipts</b>	<b>217,103</b>	<b>425,609</b>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	164,212	76,305	240,517
Leisure Time Activities	-	9,261	9,261
Transportation	-	84,269	84,269
General Government	64,066	-	64,066
Capital Outlay	4,368	-	4,368
Debt Service:			
Principal Retirement	3,018	13,053	16,071
Interest and Fiscal Charges	16	2,691	2,707
	<b>Total Cash Disbursements</b>	<b>185,579</b>	<b>421,259</b>
<i>Excess of Receipts Over (Under) Disbursements</i>	<i>(27,174)</i>	<i>31,524</i>	<i>4,350</i>
<b>Other Financing Receipts</b>			
Other Debt Proceeds	4,368	-	4,368
	<b>Total Other Financing Receipts</b>	<b>-</b>	<b>4,368</b>
<i>Net Change in Fund Cash Balances</i>	<i>(22,806)</i>	<i>31,524</i>	<i>8,718</i>
<i>Fund Cash Balances, January 1</i>	<i>135,018</i>	<i>126,357</i>	<i>261,375</i>
<b>Fund Cash Balances, December 31</b>			
Restricted	-	157,881	157,881
Assigned	112,212	-	112,212
	<b>Fund Cash Balances, December 31</b>	<b>\$ 157,881</b>	<b>\$ 270,093</b>
	<b>\$ 112,212</b>	<b>\$ 157,881</b>	<b>\$ 270,093</b>

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

**VILLAGE OF GLOUSTER  
ATHENS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
PROPRIETARY & FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2018**

	Proprietary Fund Types	Fiduciary Fund Types	Totals
	Enterprise	Agency	(Memorandum Only)
<b>Operating Cash Receipts</b>			
Charges for Services	\$ 1,850,736	\$ -	\$ 1,850,736
Fines, Licenses and Permits	-	22,993	22,993
<i>Total Operating Cash Receipts</i>	<u>1,850,736</u>	<u>22,993</u>	<u>1,873,729</u>
<b>Operating Cash Disbursements</b>			
Personal Services	188,351	-	188,351
Employee Fringe Benefits	134,642	-	134,642
Contractual Services	1,225,605	-	1,225,605
Supplies and Materials	52,838	-	52,838
Other	53,873	21,964	75,837
<i>Total Operating Cash Disbursements</i>	<u>1,655,309</u>	<u>21,964</u>	<u>1,677,273</u>
<i>Operating Income</i>	<u>195,427</u>	<u>1,029</u>	<u>196,456</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Intergovernmental	1,244,496	-	1,244,496
Special Assessments	18,901	-	18,901
Other Debt Proceeds	1,609,161	-	1,609,161
Miscellaneous Receipts	24,186	-	24,186
Capital Outlay	(1,574,550)	-	(1,574,550)
Principal Retirement	(1,473,286)	-	(1,473,286)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(151,092)</u>	<u>-</u>	<u>(151,092)</u>
<i>Net Change in Fund Cash Balances</i>	44,335	1,029	45,364
<i>Fund Cash Balances, January 1 (Restated - See Note 13)</i>	<u>763,928</u>	<u>2,083</u>	<u>766,011</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 808,263</u>	<u>\$ 3,112</u>	<u>\$ 811,375</u>

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

**VILLAGE OF GLOUSTER**  
*ATHENS COUNTY*  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

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**Note 1 – Reporting Entity**

The Village of Glouster (the Village), Athens County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and electric utilities, park operations, fire protection services, maintenance of streets and highways, and police services.

***Jointly Governed Organizations and Public Entity Risk Pools***

The Village participates in a jointly governed organization and a public entity risk pool. Notes 6 and 11 to the financial statements provide additional information for these entities. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

***Fund Accounting***

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

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

***Fire Levy Fund*** This fund receives tax levy money for provision of fire protection services.

***Police Levy Fund*** This fund receives tax levy money for provision of police protection services.

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

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

***Electric Operating Fund*** This fund receives charges for services from residents to cover electric utility service costs.

**VILLAGE OF GLOUSTER**  
**ATHENS COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

**Fiduciary Funds** Fiduciary funds include agency funds. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations, or other governments. The Village's agency funds account for unclaimed funds and Mayor's Court activity.

**Basis of Accounting**

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

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

**Budgetary Process**

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

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

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

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

A summary of budgetary activity appears in Note 3.

**Deposits and Investments**

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

**Capital Assets**

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

**Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**VILLAGE OF GLOUSTER**  
**ATHENS COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 2 – Summary of Significant Accounting Policies (Continued)**

**Fund Balance**

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

**Nonspendable** – The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

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

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

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

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

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

**Note 3 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 224,368	\$ 212,874	\$ (11,494)
Special Revenue	207,550	217,103	9,553
Enterprise	4,661,657	4,747,480	85,823
Total	\$ 5,093,575	\$ 5,177,457	\$ 83,882

**VILLAGE OF GLOUSTER**  
**ATHENS COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

**Note 3 – Budgetary Activity (Continued)**

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 359,386	\$ 244,933	\$ 114,453
Special Revenue	332,456	192,401	140,055
Enterprise	5,355,990	4,722,141	633,849
Total	<u>\$ 6,047,832</u>	<u>\$ 5,159,475</u>	<u>\$ 888,357</u>

**Note 4 – Deposits**

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit and investment accounts are as follows:

	2018
Demand deposits	\$ 831,468
Certificates of deposit	250,000
Total deposits	<u>\$ 1,081,468</u>

***Deposits***

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**Note 5 – Taxes**

***Property Taxes***

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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



**VILLAGE OF GLOUSTER**  
*ATHENS COUNTY*  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

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**Note 6 – Risk Management**

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 members as of December 31, 2018.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2018.

Assets	\$ 15,065,412
Liabilities	( 10,734,623)
Members' Equity	<u>\$ 4,330,789</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Some Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits. The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2018.

***Ohio Police and Fire Retirement System***

The Village's full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2018.

**VILLAGE OF GLOUSTER**  
**ATHENS COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

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**Note 7 – Defined Benefit Pension Plans (Continued)**

**Social Security**

One Village employee contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2018.

**Note 8 – Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4 percent during calendar year 2018. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

**Note 9 – Debt**

Debt outstanding at December 31, 2018, was as follows:

Kansas State Bank - Truck Loan	\$ 130,000	4.14%
OWDA #7895 - Water Distribution System Improvements	178,191	0%
First National Bank - Village Renovation Loan	<u>1,349</u>	4.02%
Total	<u>\$ 309,540</u>	

The Ohio Water Development Authority (OWDA) loan relates to a water distribution system improvement project. OWDA approved up to \$2,510,148 in loans to the Village for this project. A portion of the is debt is part of a principal forgiveness program. Payments are not due until July 1, 2020. The OWDA will adjust scheduled payment to reflect any revisions in amounts the Village borrows. Water receipts collateralize the loan. OWDA made a capitalized interest non-cash adjustment of \$356 to the loan in 2018. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. There is no amortization table available for this loan.

The Village entered into a lease to purchase agreement with Kansas State Bank to acquire a 2018 International 4300 Truck on July 12, 2018. The Village is scheduled to pay 5 annual payments of \$41,817.

In 2017, the balance for the Street Department loan was misstated. It was stated as \$8,618 when it should have been \$13,053. The loan was paid off in 2018.

**VILLAGE OF GLOUSTER**  
*ATHENS COUNTY*  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

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**Note 9 – Debt (Continued)**

In 2018, the Village obtained a loan from First National Bank to renovate and expand the Village Hall. In 2018, disbursements totaling \$4,368 were paid directly to vendors from the bank to plan the project. Due to the high costs, the project was discontinued, and loan was canceled in 2019.

The Village is a member of American Municipal Power (AMP) and has participated in the AMP Generating Station Project (AMPGS). This project intended to develop a pulverized coal power plant in Meigs County, Ohio. The Village's share was 600 kilowatts of a total 666,679 kilowatts, giving the village a .09 percent share. THE AMPGS Project required participants to sign 'take or pay' contracts with AMP. As such the participants are obligated to pay any costs incurred for the project. In November 2009, the participants voted to terminate the AMPGS Project due to projected escalating costs. These costs were therefore deemed impaired and participants were obligated to pay costs already incurred. In prior years the payment of these costs was not considered probable due to AMP's pursuit of legal action to void them. As a result of a March 31, 2014 legal ruling, the AMP Board of Trustees on April 15, 2014 and the AMPGS participants on April 16, 2014 approved the collection of the impaired costs and provided the participants with an estimate of their liability.

The Village's estimated share on March 31, 2014 was \$104,801. The Village received a credit of \$27,135 related to the AMPGS costs deemed to have future benefit for the project participants, leaving a net impaired cost estimate of \$77,666. Any additional costs (including line-of-credit interest and legal fees) or amounts received related to the project will impact, either positively or negatively, the Village's net impaired cost balance. These amounts will be recorded as they become estimable.

In late 2016, AMP reached a Settlement in the Bechtel Corporation litigation. On December 8, 2016, at the AMPGS Participants meeting, options for the allocation of the Settlement funds were approved. The AMPGS Participants and the AMP Board of Trustees voted to allocate the Settlement among the participants and the AMP General Fund based on each participant's original project share in kw including the AMP General Fund's project share.

Since March 31, 2014 the Village has made payments of \$20,711 to AMP toward its net impaired cost estimate. Also since March 31, 2014, the Village's allocation of additional costs incurred by the project is \$1,247 and interest expense incurred on AMP's line-of-credit of \$5,087, resulting in a net impaired cost estimate at December 31, 2018 of \$63,289. The Village does have a potential PHFU Liability of \$29,242 resulting in a net total potential liability of \$92,531, assuming the assets making up the PHFU (principally the land comprising the Meigs County site) have no value and also assuming the Village's credit balance would earn zero interest. Stranded costs as well as PHFU costs are subject to change, including future borrowing costs on the AMP line of credit. Activities include items such negative items as property taxes as well as positive items revenue from leases or sale of all or a portion of the Meigs County site property.

The Village elected to finance this amount by paying a yearly lump sum payment of \$5,178 for 15 years. This is the most recent available information until Amp-Ohio's 2018 audit is complete.

**Leases**

The Village leases the Village Hall to the Water and Electric Department located at 16 Front Street for \$3,000 per month.

The Village leases the Glouster Depot on High Street to Glouster Village Project for \$1 for 20 years.

**VILLAGE OF GLOUSTER**  
*ATHENS COUNTY*  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

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**Note 10 – Contingent Liabilities**

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**Note 11 – Jointly Governed Organizations**

The Trimble Township Wastewater Treatment District, Athens County, Ohop (the District), is a regional sewer district organized under Ohio Revised Code Chapter 6119, by the Athens County Common Pleas Court on October 3, 1986. The District operates under the direction of an eight member Board of Trustees whose membership is comprised of two appointments from each of the participating subdivisions. The membership elects a President, Vice-President, and a Secretary/Treasurer, who are responsible for fiscal control of the financial resources of the District. The District was established to provide a modern, efficient, and effective wastewater treatment system to promote the general health and safety of the citizens of the district and to make economic development in the area more feasible. The District services all or parts of the following political subdivisions:

- Village of Glouster
- Village of Jacksonville
- Village of Trimble
- Trimble Township

During 2018, the Village of Glouster paid the District \$2,081 for sewer services.

**Note 12 – Subsequent Events**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. The impact on the Village's future operating costs, revenues, any recovery from emergency funding, either federal or state, cannot be estimated.

**Note 13 – Restatement of Beginning Fund Balance**

The Agency Fund balance was restated as of January 1, 2018 to decrease fund balance \$1,173 to agree the Other Agency Fund balance to the Mayor's Court bank account balance of \$870.

	<u>Agency Fund</u>
Ending Fund Balance at December 31, 2017	\$ 3,256
Restatement	(1,173)
Restated Fund Balance January 1, 2018	<u>\$ 2,083</u>

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

May 31, 2021

Village of Glouster  
Athens County  
16 Front Street  
Glouster, Ohio 45732

To the Village Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts and disbursements by fund type of the **Village of Glouster**, Athens County, (the Village) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated May 31, 2021, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit and we noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of audit findings that we consider material weaknesses. We consider findings 2019-001 through 2019-003 to be material weaknesses.

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations  
Members: American Institute of Certified Public Accountants

• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners • Association of Certified Anti-Money Laundering Specialists •

***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 financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of audit findings as items 2019-003 through 2019-005.

***Village's Response to Findings***

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

***Purpose of this Report***

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



**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio

**VILLAGE OF GLOUSTER  
ATHENS COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2019-001**

**Material Weakness**

**Financial Reporting**

The Village is responsible for establishing procedures and controls to help prevent and detect errors in financial reporting. Fund balances should be classified based on Governmental Accounting Standards Board Statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions.

During 2019 and 2018, receipts, disbursements and fund balances were not always posted or classified correctly. The following posting errors were noted:

- The Village made the proposed prior period audit adjustments, but then subsequently reversed the fund balance adjustments;
- Debt payments to First National Bank were not correctly allocated to principal and interest in the Street Construction, Maintenance and Repair Fund and Fire Department Fund in 2018;
- OWDA #7895 funds were not recorded as Capital Outlay and Other Debt Proceeds in the Water Operating Fund in 2019 and 2018;
- OWDA #7895 principal forgiveness payments were not recorded as Intergovernmental revenue and Principal Retirement in the Water Operating Fund in 2018;
- Debt payments to Kansas State Bank were recorded as Other-Personal Services instead of recorded as principal and interest in the Electric Operating Fund in 2019;
- Debt payments to First National Bank for the Village Building Renovation were improperly classified as Operating Supplies and Disbursements instead of being allocated to Principal and Interest in the General Fund in 2019 and 2018;
- Debt proceeds from the Village Building Renovation Loan were not recorded as Other Debt Proceeds and Capital Outlay in the General Fund in 2019 and 2018;
- Rollback receipts were incorrectly recorded as Property Tax revenue instead of Intergovernmental revenue in the General Fund, Street Construction, Maintenance, and Repair Fund, Parks and Recreation Fund, Police Levy Fund, and Fire Department Fund in 2019 and 2018;
- A receipt from the Ohio Emergency Management Agency for \$10,059 was recorded as Miscellaneous revenue instead of Intergovernmental revenue in the Street Construction, Maintenance, and Repair Fund in 2019;
- A Gasoline Tax receipt for \$564 was incorrectly recorded as Property Tax revenue in the Permissive Motor Vehicle License Tax Fund instead of Intergovernmental revenue in the Street Construction, Maintenance, and Repair Fund in 2019;
- A receipt from the Ohio Department of Public Safety for \$120,395 was incorrectly recorded as Miscellaneous revenue instead of Intergovernmental revenue in the Water Operating Fund in 2019;
- Mayor's Court Agency Fund activity was not recorded in the accounting system in 2019 and 2018;
- Auto License receipts were incorrectly recorded in the General Fund instead of allocated between the Street Construction, Maintenance, and Repair Fund and State Highway Fund in 2019 and 2018; and
- The General Fund balance was classified as Restricted when it should have been Assigned in 2019 and 2018.

**VILLAGE OF GLOUSTER  
ATHENS COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2019-001 (Continued)**

**Material Weakness (Continued)**

Not posting receipts and disbursements or classifying fund balances accurately resulted in the financial statements requiring several reclassifications and adjusting entries. The Financial Statements reflect all reclassifications and adjustments. The Village has made these adjustments to their accounting system.

To help ensure accuracy and reliability in the financial reporting process, we recommend management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues are properly identified and classified on the financial statements.

We also recommend the Fiscal Officer refer to the Ohio Village Handbook for guidance to determine the proper establishment of receipt and disbursement accounts and posting of receipts and disbursements. The Fiscal Officer should refer to Auditor of State Technical Bulletin 2011-004 for assistance in properly classifying fund balances.

**Management's Response** – We will work to correct these deficiencies.

**FINDING NUMBER 2019-002**

**Material Weakness**

**Bank Reconciliations**

Sound accounting practices require that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

The reconciliation of bank balances to accounting system records is the most basic and primary control process performed. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft and fraud to occur without timely detection.

The Fiscal Officer is responsible for reconciling the book (fund) balance to the total bank balance on a monthly basis, and the Village Council and/or other administrator are responsible for reviewing the reconciliations and related support.

The Fiscal Officer did not prepare accurate monthly reconciliations of bank balances to book balances. A large amount of outstanding checks and adjusting item in an attempt to include the Mayor's Court account were included on the bank reconciliation of the Council and carried forward throughout the audit period. The Glouster Water and Electric account and the Village of Glouster Mayor's Court account held at First National Bank are not included on the Village's bank reconciliations. The other adjusting factor used to reconcile the bank balances to the book balances did not reflect the correct amount that was actually held in the Mayor's Court account. The lack of proper reconciliations among the bank statements and ledgers resulted in numerous errors which remained uncorrected until the audit.



**VILLAGE OF GLOUSTER  
ATHENS COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2019-002 (Continued)**

**Material Weakness (Continued)**

The large number of outstanding checks increases the likelihood of errors and irregularities occurring during the monthly bank reconciliation process. During our test of the Village's bank reconciliations, we noted the Village carried a significant volume of outstanding checks, with \$61,041 of the checks outstanding for more than six months as of December 31, 2019. We noted the Village had \$61,023 in checks outstanding for more than six months as of December 31, 2018. Further investigation noted one check, issued in 2016 in the amount of \$57,596, was subsequently voided by the Village. During the prior audit period, an adjustment to increase fund balance in the Water Operating was proposed and completed by the Village, but the fund balance adjustment was subsequently reversed. Adjustments to correct the above errors are reflected in the accompanying financial statements.

We recommend the Fiscal Officer prepare detailed bank reconciliations that include all bank account balances being reconciled to total book balance. Copies of bank reconciliations should be presented to the Governing Board for review, approval, and use in managing the Council. The Fiscal Officer should reconcile activity entered in the accounting system to the bank balance. To facilitate the bank reconciliation process and improve monitoring, the Fiscal Officer should investigate long outstanding checks in a timely manner and, if necessary, cancel and reissue. If contact cannot be made with all payees, Council should utilize their Unclaimed Monies Fund pursuant to Ohio Revised Code Section 9.39.

**Management's Response** – We will work to correct these deficiencies.

**FINDING NUMBER 2019-003**

**Material Weakness/Noncompliance**

**Ohio Administrative Code Section 117-2-01(D)(3) and (5)** provide that, when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

During the audit period, the Village Fiscal Officer did not post Mayor's Court activity to the accounting system. However, the reconciliations performed and on file compared to the accounting system to bank balances. As such, the reconciliations were ineffective. In addition, monthly reconciliations of Mayor's Court revenue received in the court system were not reconciled to the accounting system. The failure to perform complete and timely reconciliations prevented timely and effective review by the Village Council which would otherwise help compensate for the lack of segregation of duties.

The Fiscal Officer should post all activity to the accounting system so that reconciliations are representative of all activity. Further, the Fiscal Officer should prepare complete monthly bank reconciliations in a timely manner so that reconciling items can be easily identified and corrections, if necessary, can be made in a timely manner. These reconciliations should be reviewed and approved by the Village Council at monthly meetings and questioned if unidentified reconciling items are included.

**Management's Response** – These are posted as General Fund revenue receipts in UAN.

**VILLAGE OF GLOUSTER  
ATHENS COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2019-004**

**Noncompliance**

**Ohio Revised Code Section 733.40** provides that all fines, forfeitures, and costs in ordinance cases and all fees that are collected by the mayor, that in any manner come into the mayor's hands, or that are due to the mayor, and all money received by the mayor for the use of the municipal corporation shall be paid by the mayor into the treasury of the municipal corporation on the first Monday of each month. At the first regular meeting of the legislative authority each month, the mayor shall submit a full statement of all money received, from who and for what purposes received, and when paid into the treasury.

Our review of the Village's Mayor's Court disclosed the following:

- Mayor's Court remittances were not made timely to the Village's General Fund; and
- Rates charged did not agree to the formally approved fine schedule for 80% of receipts tested in 2019 and 90% of receipts tested in 2018,

These weaknesses could allow recording errors and irregularities to occur and remain undetected.

We recommend the Village distribute the correct fines collected by the Village's Mayor's Court to the Village's General Fund and other applicable agencies by the required dates.

**Management's Response** – The Mayor from 2012-2019 followed his own bond schedule.

**FINDING NUMBER 2019-005**

**Noncompliance**

**Ohio Rev. Code Section 5705.41(B)** provides no subdivision shall make any expenditure of money unless it has been lawfully appropriated.

In 2019, the Village expenditures exceeded appropriations in the Street Construction Maintenance & Repair Fund by \$21,521, the State Grant Fund by \$36,599, and the Police Levy by \$2,165.

The Fiscal Officer and Village Council should monitor appropriations versus estimated resources to help avoid overspending. Officials should review the requirements of ORC section 5705 to be familiar with these laws and ensure the Village is complying with applicable sections.

In addition, during 2019 and 2018, the Village did not have a control procedure in place to ensure appropriations and estimated receipts, as authorized by the Village Trustees and approved by the County Budget Commission, were reconciled to the appropriations and estimated receipts posted to the accounting system.

This resulted in incorrect amounts posted to the accounting system and information available to Village officials to monitor year-to-date total comparison of budgeted amounts versus actual amounts was not accurate.

**Management's Response** – We will work to correct these deficiencies.

**VILLAGE OF GLOUSTER  
ATHENS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

Finding Number	Finding Summary	Status	Additional Information
2017-001	Posting Receipts, Disbursements and Fund Balances	Not Corrected	Repeated as Finding 2019-001
2017-002	Estimated revenues and appropriations do not agree to accounting system	Not Corrected	Repeated as part of Finding 2019-005
2017-003	Budget vs. Actual comparisons not included in monthly Treasurer's report presented to Council	Fully Corrected	N/A
2017-004	Outstanding Checks	Not Corrected	Repeated as part of Finding 2019-002

# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF GLOUSTER**

**ATHENS COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 7/6/2021**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)