



Dave Yost • Auditor of State



VILLAGE OF GLOUSTER  
ATHENS COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report .....	1
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) – All Governmental Fund Types – For the Year Ended December 31, 2015 .....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Balances (Cash Basis) – All Proprietary and Fiduciary Fund Types – For the Year Ended December 31, 2015 .....	4
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) – All Governmental Fund Types – For the Year Ended December 31, 2014 .....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Balances (Cash Basis) – All Proprietary and Fiduciary Fund Types – For the Year Ended December 31, 2014 .....	6
Notes to the Financial Statements .....	7
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	15
Schedule of Findings.....	17
Schedule of Prior Audit Findings.....	26

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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 the Village of Glouster, Athens County, Ohio (the Village), as of and for the years ended December 31, 2015 and 2014.

### ***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 § 117.38 and Ohio Administrative Code § 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 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.

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

As described in Note 1 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 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 § 117.38 and Ohio Administrative Code § 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 of 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, 2015 and 2014, or changes in financial position 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 combined cash balances of the Village of Glouster, Athens County, Ohio, as of December 31, 2015 and 2014, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03 permits, described in Note 1.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 11, 2016, 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.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

August 11, 2016

**VILLAGE OF GLOUSTER  
ATHENS COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$63,127	\$99,719	\$162,846
Municipal Income Tax	0	0	0
Intergovernmental	80,234	109,570	189,804
Charges for Services	33,000	6,000	39,000
Fines, Licenses and Permits	31,966	2,055	34,021
Earnings on Investments	129	0	129
Miscellaneous	738	5,446	6,184
<i>Total Cash Receipts</i>	<u>209,194</u>	<u>222,790</u>	<u>431,984</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	147,781	71,973	219,754
Public Health Services	0	0	0
Leisure Time Activities	0	10,914	10,914
Community Environment	0	0	0
Transportation	0	98,992	98,992
General Government	58,229	0	58,229
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	0	26,614	26,614
Interest and Fiscal Charges	0	7,354	7,354
<i>Total Cash Disbursements</i>	<u>206,010</u>	<u>215,847</u>	<u>421,857</u>
<i>Excess of Receipts Over Disbursements</i>	<u>3,184</u>	<u>6,943</u>	<u>10,127</u>
<b>Other Financing Receipts</b>			
Other Debt Proceeds	0	23,579	23,579
<i>Total Other Financing Receipts</i>	<u>0</u>	<u>23,579</u>	<u>23,579</u>
<i>Net Change in Fund Cash Balances</i>	3,184	30,522	33,706
<i>Fund Cash Balances, January 1</i>	<u>86,018</u>	<u>210,614</u>	<u>296,632</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	0	241,136	241,136
Assigned	89,202	0	89,202
<i>Fund Cash Balances, December 31</i>	<u>\$89,202</u>	<u>\$241,136</u>	<u>\$330,338</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 (CASH BASIS)  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Proprietary Fund Types	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
<b>Operating Cash Receipts</b>			
Charges for Services	\$1,713,648	\$0	\$1,713,648
Fines, Licenses and Permits	0	42,046	42,046
<i>Total Operating Cash Receipts</i>	<u>1,713,648</u>	<u>42,046</u>	<u>1,755,694</u>
<b>Operating Cash Disbursements</b>			
Personal Services	219,186	0	219,186
Employee Fringe Benefits	121,157	0	121,157
Contractual Services	1,313,576	0	1,313,576
Supplies and Materials	118,169	0	118,169
Other	54,030	42,654	96,684
<i>Total Operating Cash Disbursements</i>	<u>1,826,118</u>	<u>42,654</u>	<u>1,868,772</u>
<i>Operating (Loss)</i>	<u>(112,470)</u>	<u>(608)</u>	<u>(113,078)</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Special Assessments	18,944	0	18,944
Other Debt Proceeds	173,147	0	173,147
Miscellaneous Receipts	67,611	0	67,611
Capital Outlay	(20,400)	0	(20,400)
Principal Retirement	(73,926)	0	(73,926)
Interest and Other Fiscal Charges	(3,743)	0	(3,743)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>161,633</u>	<u>0</u>	<u>161,633</u>
<i>Net Change in Fund Cash Balances</i>	49,163	(608)	48,555
<i>Fund Cash Balances, January 1</i>	<u>775,594</u>	<u>3,851</u>	<u>779,445</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$824,757</u></u>	<u><u>\$3,243</u></u>	<u><u>\$828,000</u></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 (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$59,806	\$95,229	\$155,035
Intergovernmental	79,325	126,874	206,199
Charges for Services	43,296	6,000	49,296
Fines, Licenses and Permits	30,880	1,970	32,850
Earnings on Investments	104	0	104
Miscellaneous	4,868	8,969	13,837
<i>Total Cash Receipts</i>	<u>218,279</u>	<u>239,042</u>	<u>457,321</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	130,862	75,614	206,476
Leisure Time Activities	0	11,007	11,007
Transportation	0	79,690	79,690
General Government	57,184	0	57,184
Debt Service:			
Principal Retirement	0	20,706	20,706
Interest and Fiscal Charges	0	7,542	7,542
<i>Total Cash Disbursements</i>	<u>188,046</u>	<u>194,559</u>	<u>382,605</u>
<i>Net Change in Fund Cash Balances</i>	30,233	44,483	74,716
<i>Fund Cash Balances, January 1</i>	<u>55,785</u>	<u>166,131</u>	<u>221,916</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	0	210,614	210,614
Unassigned	86,018	0	86,018
<i>Fund Cash Balances, December 31</i>	<u><u>\$86,018</u></u>	<u><u>\$210,614</u></u>	<u><u>\$296,632</u></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 (CASH BASIS)  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Proprietary Fund Types	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
<b>Operating Cash Receipts</b>			
Charges for Services	\$1,805,325	\$0	\$1,805,325
Fines, Licenses and Permits	0	40,735	40,735
<i>Total Operating Cash Receipts</i>	<u>1,805,325</u>	<u>40,735</u>	<u>1,846,060</u>
<b>Operating Cash Disbursements</b>			
Personal Services	210,402	0	210,402
Employee Fringe Benefits	126,607	0	126,607
Contractual Services	1,161,459	0	1,161,459
Supplies and Materials	83,348	0	83,348
Other	61,450	38,097	99,547
<i>Total Operating Cash Disbursements</i>	<u>1,643,266</u>	<u>38,097</u>	<u>1,681,363</u>
<i>Operating Income</i>	<u>162,059</u>	<u>2,638</u>	<u>164,697</u>
<b>Non-Operating Receipts</b>			
Special Assessments	19,181	0	19,181
Miscellaneous Receipts	14,541	0	14,541
<i>Total Non-Operating Receipts</i>	<u>33,722</u>	<u>0</u>	<u>33,722</u>
<i>Net Change in Fund Cash Balances</i>	195,781	2,638	198,419
<i>Fund Cash Balances, January 1</i>	<u>579,813</u>	<u>1,213</u>	<u>581,026</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$775,594</u></u>	<u><u>\$3,851</u></u>	<u><u>\$779,445</u></u>

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

**VILLAGE OF GLOUSTER  
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014**

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

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

The Village participates in a jointly governed organization. Note 9 to the financial statements provides additional information for this entity. This organization is:

Jointly Governed Organization:

The Trimble Township Wastewater District is a regional sewer district which operates under the direction of an eight member Board of Trustees.

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

**B. Accounting Basis**

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 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 § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

**C. Deposits**

The Village invests all available funds in an interest-bearing checking account and certificates of deposit.

**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 accounts for and reports all financial resources not accounted for and reported in another fund.

**VILLAGE OF GLOUSTER  
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**D. Fund Accounting (Continued)**

**2. 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 license tax money for constructing, maintaining, and repairing Village streets.

Fire Levy Fund - This fund receives tax money for the provision of fire protection services.

**3. 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 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.

**4. Fiduciary Fund**

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village had the following significant Fiduciary Fund:

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

**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 level 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.

**2. Estimated Resources**

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

VILLAGE OF GLOUSTER  
ATHENS COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)

1. **Summary of Significant Accounting Policies (Continued)**

E. **Budgetary Process (Continued)**

3. **Encumbrances**

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

A summary of 2015 and 2014 budgetary activity appears in Note 3.

F. **Fund Balance**

Fund balance is divided into two 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:

1. **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.

2. **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.

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.

G. **Property, Plant, and Equipment**

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

**VILLAGE OF GLOUSTER  
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**2. Equity in Pooled Deposits**

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

	2015	2014
Demand deposits	\$1,048,338	\$966,077
Certificates of deposit	110,000	110,000
Total deposits	\$1,158,338	\$1,076,077

**Deposits:** Deposits are insured by the Federal Deposit Insurance Corporation and collateralized by the financial institution's public entity deposit pool.

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2015 and 2014 follows:

**2015 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$220,000	\$209,194	(\$10,806)
Special Revenue	200,500	246,369	45,869
Enterprise	1,838,000	1,973,350	135,350
Total	\$2,258,500	\$2,428,913	\$170,413

**2015 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$220,000	\$206,010	\$13,990
Special Revenue	200,500	215,847	(15,347)
Enterprise	1,838,000	1,924,187	(86,187)
Total	\$2,258,500	\$2,346,044	(\$87,544)

**2014 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$210,000	\$218,279	\$8,279
Special Revenue	194,500	239,042	44,542
Enterprise	1,677,500	1,839,047	161,547
Total	\$2,082,000	\$2,296,368	\$214,368

**2014 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$210,000	\$188,046	\$21,954
Special Revenue	204,500	194,559	9,941
Enterprise	1,677,500	1,643,266	34,234
Total	\$2,092,000	\$2,025,871	\$66,129

**VILLAGE OF GLOUSTER  
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**3. Budgetary Activity (Continued)**

Contrary to the Ohio Law, budgetary expenditures exceeded formally adopted appropriations during 2015 and 2014.

**4. Property Tax**

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 homestead and rollback deductions. The financial statements include homestead and rollback 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.

**5. Debt**

Debt outstanding at December 31, 2015, was as follows:

	Principal	Interest Rate
Street Department Loan	\$108,300	5.38%
2002 Pumper Truck Loan	9,189	4.30%
2014 Truck Loan	52,974	2.95%
Ohio Water Development Authority	46,247	3.26%
1991 Fire Engine Loan	23,579	2.59%
Total	\$240,289	

The Street Department Building Loan relates to the construction of a street department building in 2003. The original cost to construct the building was \$280,300. The original amount of the loan was \$200,000 with the balance of the construction costs paid from an insurance settlement received by the Village when the Village's garage was destroyed by fire in 2002. The full faith and credit of the Village has been pledged to repay this debt.

The 2002 Pumper Truck Loan relates to the refinance of a previously existing loan on a Pierce Manufacturing Pumper Truck in 2002. The Fire Truck is held as collateral for the loan.

The 2014 Truck Loan relates to the purchase of a 2014 Dodge Ram 5500. The purchase price was \$126,900. The Truck is held as collateral for the loan.

The Ohio Water Development Authority (OWDA) loan relates to a water distribution system project. OWDA has approved to loan the Village up to \$350,722 for the project. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. No amortization schedule has been established.

The 1991 Fire Engine Loan relates to the purchase of a 1991 Fire Engine. The original amount of the loan was \$23,579. The Fire Engine is held as collateral for the loan.

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

**VILLAGE OF GLOUSTER  
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**5. Debt (Continued)**

Year ending December 31:	Street Department <u>Building Loan</u>	2002 Pumper Truck Loan	2014 Truck Loan	1991 Fire Engine Loan	Total
2016	\$16,373	\$9,580	\$27,670	\$5,327	\$58,950
2017	16,373		27,660	5,204	49,237
2018	16,373			5,082	21,455
2019	16,373			4,960	21,333
2020	16,373			4,838	21,211
2021-2023	65,490				65,490
Total	<u>\$147,355</u>	<u>\$9,580</u>	<u>\$55,329</u>	<u>\$25,411</u>	<u>\$237,675</u>

The Village is a member of American Municipal Power (AMP) and has participated in the AMP Generating Station (AMPGS) Project. This project intended to develop a pulverized coal power plant in Meigs County, Ohio. The Village's share was 600 kilowatts of a total 771,281 kilowatts, giving the Village a 0.08 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, payment of these costs was not made due to AMP's pursuit of legal action to void them. As a result of a March 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 at March 31, 2014, of the impaired costs is \$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. AMP financed these costs on its revolving line of credit. Any additional costs (including line-of-credit interest and legal fees) or amounts received related to the project will impact the Village's payments. Since March 31, 2014 the Village has made payments of \$5,178 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 \$796 and interest expense incurred on AMP's line-of-credit of \$1,096, resulting in a net impaired cost estimate at December 31, 2015 of \$74,380.

The Village elected to finance this amount through a yearly lump sum payment of \$5,178 for 15 years.

**6. Retirement Systems**

The Village's certified full-time police officers belong to the Ohio Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). Both plans are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes both the plans' benefits, which include postretirement healthcare, survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 11.5 percent through July 11, 2015 and 12.25 percent from July 1, 2015 through December 31, 2015. For 2015, the Village contributed to OP&F an amount equal to 19.5 percent of full-time police member's wages. For 2015, OPERS members contributed 10 percent of their gross salaries and the Village contributed an amount equal to 14 percent of participants' gross salaries. The Village has paid all contributions through December 31, 2015.



**VILLAGE OF GLOUSTER  
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**7. Risk Management**

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (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 § 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, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 and 783 members as of December 31, 2013 and 2014 respectively.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2013 and 2014 (the latest information available):

	<u>2013</u>	<u>2014</u>
Assets	\$13,774,304	\$14,830,185
Liabilities	(7,968,395)	(8,942,504)
Members' Equity	<u>\$5,805,909</u>	<u>\$5,887,681</u>

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

**8. Jointly Governed Organization**

The Trimble Township Waste Water Treatment District, Athens County, Ohio (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 composed 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.

**VILLAGE OF GLOUSTER  
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**8. Jointly Governed Organization (Continued)**

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

During 2015, the Village of Glouster paid the District \$1,761 for sewer services. During 2014, the Village paid the District \$2,067 for sewer services.

**9. Contingent Liabilities**

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



# Dave Yost • Auditor of State

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

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 Village of Glouster, Athens County, Ohio (the Village), as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated August 11, 2016, wherein we noted the Village followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion 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 Findings that we consider material weaknesses. We consider Findings 2015-001 and 2015-003 through 2015-006 to be material weaknesses.

### ***Compliance and Other Matters***

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts.

However, 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 Findings as items 2015-001 through 2015-006.

***Entity's Response to Findings***

The Village's responses to the Findings identified in our audit are described in the accompanying Schedule of Findings. We did not audit the Village's responses 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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

August 11, 2016

**VILLAGE OF GLOUSTER  
ATHENS COUNTY  
SCHEDULE OF FINDINGS  
DECEMBER 31, 2015 AND 2014**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2015-001**

**Noncompliance and Material Weakness**

Ohio Rev. Code § 1905.21 provides that the mayor of a municipal corporation and a mayor's court magistrate shall keep a docket. The mayor or mayor's court magistrate shall account for and dispose of all such fines, forfeitures, fees and costs collected.

The Mayor did not keep a complete docket. The Mayor's Court failed to produce a docket or the docket failed to include all defendants in 23 percent and 9 percent of cases in 2015 and 2014, respectively. Further, the amount and allocation of fines did not agree to the legislatively approved amounts resulting in a projected loss of revenue to the Village of \$5,924 and \$5,540 in 2015 and 2014, respectively.

The fine/fee allocation per the cashbook did not agree to the case files for ten percent and nine percent of transactions in 2015 and 2014, respectively. The amounts did agree in total and do not appear to have affected the accumulated state vs. local portions recorded for distribution.

The Village Mayor's Court should implement and monitor appropriate procedures to help ensure the maintenance of an accurate and complete docket, cashbook and case files. Further, the Village should charge fines/fees in accordance to the approved fine/fee schedule.

**Official's Response:** To our knowledge all dockets were provided with original audit information.

**FINDING NUMBER 2015-002**

**Noncompliance**

Ohio Rev. Code § 5705.41(B) prohibits a subdivision or taxing unit from making an expenditure unless it has been appropriated.

The Village's expenditures exceeded formally-adopted appropriations as of December 31, 2015 as follows:

Fund	Appropriations, as Adopted	Budgetary Expenditures	Variance
Street Construction, Maintenance and Repair	\$85,000	\$93,862	(\$8,862)
COPS Grant Fund	0	2,979	(2,979)
Fire Department Fund	40,000	69,047	(29,047)
Water Operating Fund	360,000	427,569	(67,569)
Electric Operating Fund	1,445,000	1,483,668	(38,668)

The Village's expenditures exceeded formally-adopted appropriations as of December 31, 2014 as follows:

**VILLAGE OF GLOUSTER  
ATHENS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

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

**FINDING NUMBER 2015-002 (Continued)**

**Noncompliance - Ohio Rev. Code § 5705.41(B) (Continued)**

Fund	Appropriations, as Adopted	Budgetary Expenditures	Variance
COPS Grant Fund	\$0	\$7,465	(\$7,465)
Fire Department Fund	40,000	45,175	(5,175)
Water Operating Fund	350,000	358,545	(8,545)
Enterprise Deposit Fund	10,000	15,450	(5,450)

This was primarily due to supplemental appropriations being posted to the accounting system which were not approved by Council. Expending more than budgeted can result in deficit fund balances if the resources are not sufficient to cover the excess. Additionally, the excess indicates expenditures were made absent of any formal legal appropriation authority.

The Village management should monitor formally-approved appropriations and expenditures to ensure expenditures do not exceed appropriations.

**Official's Response:** An amended certificate was filed with the Athens County Auditor in 2015 but not 2014.

**FINDING NUMBER 2015-003**

**Noncompliance and Material Weakness**

Ohio Admin. Code § 117-2-01(D)(4) provides that, when designing the public office's system of internal control and the specific control activities, management should plan for adequate segregation of duties or compensating controls. The size of the Village's staff did not allow for an adequate segregation of duties; the Fiscal Officer performed all accounting functions, including receipting, depositing, disbursing, and reconciling. It is, therefore, important that the Council or Mayor monitor financial activity closely.

The monthly Treasurer's report packet presented to Council included the bank reconciliation, a listing of bills and a report that lacked budgeted versus actual information and listed only total receipts, total expenditures, and ending balances by fund which may not provide an adequate level of detail for Council and management to analyze and effectively use in making management decisions. Additionally, the Fiscal Officer provided no reports to Council for two months of financial reports in 2014 and two months in 2015.

The financial information presented to the Village Council should be presented on a regular basis. This information should include reconciliations, as well as revenue and expenditure activity and budget versus actual reports. Council's reviews should be documented in the minutes of the Village Council meetings.

Council should carefully review this information and make appropriate inquiries to help determine the continued integrity of financial information. This information also provides important data necessary to manage the Village. This information can help answer questions such as the following:

**VILLAGE OF GLOUSTER  
ATHENS COUNTY**  
**SCHEDULE OF FINDINGS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

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

**FINDING NUMBER 2015-003 (Continued)**

**Noncompliance and Material Weakness - Ohio Admin. Code § 117-2-01(D)(4) (Continued)**

Inquiries Relevant to overall Village Operations:

- Are current receipts sufficient to cover expenditures?
- Are expenditures in line with prior year costs?
- If unusual fluctuations in receipts or expenditures occur, is the reason understood, and has it been appropriately budgeted?
- Are anticipated receipts being timely received?
- Is the Village maximizing its return on invested cash balances?
- Is the Village able to achieve the financial goals as set by the original or amended budgets?

In order to effectively monitor the financial activity of the Village, the Council members should review and accept/approve the monthly financial information provided by the Fiscal Officer. The Fiscal Officer should provide a detailed budget and classified financial information for each regular Council meeting. The review of this information should be noted in the minutes of the meetings of the Council.

**Official's Response:** The bank statements and financials are presented each month to Village Council and the Mayor. The Finance Committee signs off on these items at the monthly Council Meeting.

**FINDING NUMBER 2015-004**

**Noncompliance and Material Weakness**

Ohio Admin. Code § 117-2-02(A) provides that public offices to maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

During 2013, the Village set the approved electric rate schedule as follows:

- Monthly customer charge of \$6; S
- Summer rate of \$.076 per kilowatt;
- Winter rate set at \$.076 per kilowatt for the first 900 kilowatts with the rate decreasing to \$.0425 per kilowatt for all kilowatts above 901.

During 2014, the incorrect power cost adjustment (PCA) was used to calculate electric rates and Electric utility rates as established did not agree to the rates in the utility system. While the Fiscal Officer corrected the PCA error in August 2014, a projected loss of revenue of \$107,226 in the Electric Operating Fund resulted.

For the year ending December 31, 2015, electric utility rates as established did not agree to the rates in the utility system (incorrectly used winter rate outside of winter months and other minor differences) resulting in an unapproved excess projected revenue of \$4,915 in the Electric Operating Fund.

**VILLAGE OF GLOUSTER  
ATHENS COUNTY**  
**SCHEDULE OF FINDINGS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

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

**FINDING NUMBER 2015-004 (Continued)**

**Noncompliance and Material Weakness - Ohio Admin. Code § 117-2-02(A) (Continued)**

Council and management should monitor electric rates input as standing data in the utility billing system to ensure amounts agree to those formally approved by the Council.

**Official's Response:** We have done a better job of watching the billing issues of the past.

**FINDING NUMBER 2015-005**

**Noncompliance and Material Weakness**

Ohio Admin Code § 117-2-02(A) provides that all local public offices should maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

The Fiscal Officer posted certain revenue and expenditures transactions incorrectly resulting in material audit adjustments at December 31, 2015.

For the year ended December 31, 2014, the following items were noted:

**General Fund**

- Intergovernmental receipts, such as homestead and rollback, were misposted as property tax, property taxes were posted at net rather than gross and other minor mispostings resulted in a net decrease in property and other local taxes of \$10,465, an increase in intergovernmental receipts of \$2,178, a decrease in miscellaneous receipts of \$320 and an increase in general government expenditures of \$3,473.
- The General Fund equity of \$98,098 was improperly classified as restricted rather than as unassigned.

**Special Revenue Funds**

- Intergovernmental receipts, such as homestead and rollback, were misposted as property taxes, street levy monies were posted to an incorrect fund, property taxes were posted at net rather than gross and other minor mispostings resulted in:
  - Street Construction, Maintenance and Repair Fund - an increase in intergovernmental receipts of \$17,165 and a decrease in property and other local taxes of \$35,730.
  - Parks and Recreation Fund - a decrease in property and other local taxes of \$4,765, an increase in intergovernmental receipts of \$5,087 and an increase in general government expenditures of \$322.
  - Permissive Motor Vehicle License Tax Fund - a decrease in property and other local taxes and an increase in intergovernmental receipts of \$17,964.
  - Police Levy Fund - a decrease in property and other local taxes of \$6,060, an increase in intergovernmental receipts of \$7,026 and an increase in general government expenditures of \$966.



**VILLAGE OF GLOUSTER  
ATHENS COUNTY**  
**SCHEDULE OF FINDINGS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

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

**FINDING NUMBER 2015-005 (Continued)**

**Noncompliance and Material Weakness - Ohio Admin Code § 117-2-02(A) (Continued)**

- Fire Department Fund - a decrease in property and other local taxes of \$4,095, an increase in intergovernmental receipts of \$5,929, an increase in general government expenditures of \$934 and a decrease in Miscellaneous receipts of \$900.
- Street Levy Fund - an increase in property and other local taxes of \$22,150, an increase in intergovernmental receipts of \$8,054 and an increase in general government expenditures of \$945.
- State Highway Fund - an increase in intergovernmental receipts of \$1,386.

Agency Funds

- Fines, licenses and permits in the Mayor's Court Fund totaling \$40,735 and the related distributions (other expenditures) totaling \$38,097 increased to bring the activity of the Mayor's Court Fund onto the Village's books.

For the year ended December 31, 2015, the following items were noted:

General Fund

- Intergovernmental receipts, such as homestead and rollback were misposted as property taxes, property taxes were posted at net rather than gross and other minor mispostings resulting in a decrease in property and other local taxes of \$11,290, an increase in intergovernmental receipts of \$3,296, a decrease in miscellaneous receipts of \$654 and an increase in general government expenditures of \$3,117.
- In accordance with GASB 54 and AOS AB 2011-004, while normally unassigned, since subsequent year appropriations exceeding estimated receipts in the General Fund, the December 31, 2015 fund balance of \$113,047 must be classified as Assigned rather than Restricted.

Special Revenue Funds

- Intergovernmental receipts, such as homestead and rollback, were misposted as property taxes, street levy monies were posted to an incorrect fund, property taxes were posted at net rather than gross and other minor mispostings resulted in:
  - Street Construction, Maintenance and Repair Fund - an increase in intergovernmental receipts of \$11,296 and a decrease in property and other local taxes of \$35,982.
  - Parks and Recreation Fund - a decrease in property and other local taxes of \$1,973, an increase in intergovernmental receipts of \$2,320 and an increase in general government expenditures of \$347.
  - Permissive Motor Vehicle License Tax Fund - a decrease in property and other local taxes of \$8,928 and an increase in intergovernmental receipts of \$9,209.
  - Police Levy Fund - a decrease in property and other local taxes of \$6,277, an increase in intergovernmental receipts of \$7,319 and an increase in general government expenditures of \$1,042.
  - Fire Department Fund - a decrease in property and other local taxes of \$5,937, an increase in intergovernmental receipts of \$6,944, an increase in general government expenditures of \$934 and a decrease in Miscellaneous receipts of \$1,007.
  - Street Levy Fund - an increase in property and other local taxes of \$28,845, an increase in intergovernmental receipts of \$7,879 and an increase in general government expenditures of \$1,023.
  - State Highway Fund - an increase in intergovernmental receipts of \$469.

**VILLAGE OF GLOUSTER  
ATHENS COUNTY  
SCHEDULE OF FINDINGS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

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

**FINDING NUMBER 2015-005 (Continued)**

**Noncompliance and Material Weakness - Ohio Admin Code § 117-2-02(A) (Continued)**

- The Village did not record debt proceeds resulting in an increase in both other debt proceeds and in capital outlay of \$23,579 in the Fire Levy Fund.

**Enterprise Funds**

- The Village did not record debt proceeds resulting in:
  - Electric Operating Fund - an increase in both other debt proceeds and in contract services of \$126,900.
  - Water Operating Fund - an increase in both other debt proceeds and in contract services of \$46,247.
- The Village improperly allocated principal and interest payments for debt in the Electric Operating Fund resulting in an increase in interest expense and a decrease in principal retirement of \$3,743.

**Agency Funds**

- Fines, licenses and permits of the Mayor's Court Fund totaling \$42,046 and the related distributions (other expenditures) totaling \$42,654 increased to bring the activity of the Mayor's Court Fund onto the Village's books

The following represents the cumulative effect of the adjustments listed above on the respective fund cash balances as of December 31, 2015:

Fund	Unadjusted 12/31/15 Fund Balance	Audit Adjustments	Adjusted 12/31/15 Fund Balance
General Fund	\$113,047	(\$23,845)	\$89,202
Street Construction, Maintenance and Repair	58,469	(43,251)	15,218
State Highway	12,558	1,855	14,413
Permissive Motor Vehicle Licence Tax	33,731	281	34,012
Street Levy	6,517	64,960	71,477
Mayor's Court	0	2,030	2,030

These misstatements were caused by confusion over proper classifications and a lack of management oversight. As a result, significant adjustments and reclassifications, with which the Village's management agrees, were made to the financial statements and ledgers, and are reflected in the accompanying financial statements.

The Fiscal Officer should refer to the Village Officer's Handbook for proper classification and take additional care in posting transactions to the Village's ledgers in order to ensure the financial statements reflect the appropriate sources of the receipts and expenditures.

**Official's Response:** We will be more cautious going forward.

**VILLAGE OF GLOUSTER  
ATHENS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

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

**FINDING NUMBER 2015-006**

**Noncompliance and Material Weakness**

Ohio Admin. Code § 117-2-02(C)(1) provides that all local public offices integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted balances of appropriations.

Further, Ohio Rev. Code § 5705.40 provides that any appropriation measure may be amended or supplemented if the entity complies with the same laws used in making the original appropriation. Rulings filed in the case of *C. B. Transportation, Inc. v. Butler County Board of Mental Retardation*, 60 Ohio Misc. 71, 397 N.E.2d 781 (C.P. 1979), as well as in *Burkholder v. Lauber*, 6 Ohio Misc. 152, 216 N.E.2d 909 (C.P. 1965), support that a local government's governing board would be prohibited from delegating duties statutorily assigned to it, such as the ability to amend appropriations as provided for in Ohio Rev. Code § 5705.40.

At December 31, 2015, estimated receipts as approved by the Budget Commission did not agree to the Village's accounting system for the following funds:

Fund	Estimated Receipts, as Posted	Estimated Receipts, as Certified	Variance
General Fund	\$223,850	\$220,000	\$3,850
Street Construction, Maintenance and Repair	87,800	85,000	2,800
Parks and Recreation	14,550	13,500	1,050
Law Enforcement Trust	3,500	2,500	1,000
Permissive Motor Vehicle License Tax	18,000	16,000	2,000
COPS Grant	0	0	0
Police Levy	35,000	32,000	3,000
Fire Department	41,050	40,000	1,050
Street Levy	6,050	6,000	50
Water Operating	373,139	360,000	13,139
Electric Operating	1,442,000	1,445,000	(3,000)
Guaranteed Deposit	9,000	15,000	(6,000)

At December 31, 2014, appropriations as approved by Village Council did not agree to the Village's accounting system for the following funds partially due to supplemental appropriations posted to the system by the Fiscal officer without formal approval by the Village Council:

**VILLAGE OF GLOUSTER  
ATHENS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

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

**FINDING NUMBER 2015-006 (Continued)**

**Noncompliance and Material Weakness - Ohio Admin. Code § 117-2-02(C)(1) (Continued)**

Fund	Appropriations, as Posted	Appropriations, as Adopted	Variance
General Fund	\$246,830	\$220,000	\$26,830
Street Construction, Maintenance and Repair	102,227	85,000	17,227
COPS Grant	37,500	0	37,500
Fire Department	45,000	40,000	5,000
Water Operating	409,539	360,000	49,539
Electric Operating	1,475,000	1,445,000	30,000
Guaranteed Deposit	16,500	15,000	1,500

At December 31, 2014, estimated receipts as approved by the Budget Commission did not agree to the Village's accounting system for the following funds due primarily by the Fiscal Officer failing to enter estimated receipts into the accounting system:

Fund	Estimated Receipts, as Posted	Estimated Receipts, as Certified	Variance
General Fund	\$0	\$210,000	(\$210,000)
Street Construction, Maintenance and Repair	0	80,000	(80,000)
State Highway	0	2,500	(2,500)
Parks and Recreation	0	12,000	(12,000)
Fire Grant	20,000	0	20,000
Law Enforcement Trust	0	500	(500)
Permissive Motor Vehicle License Tax	0	14,000	(14,000)
COPS Grant	0	0	0
Police Levy	0	30,000	(30,000)
Street Levy	0	40,000	(40,000)
Computer	0	14,000	(14,000)
Fire Department	900	1,500	(600)
Water Operating	0	350,000	(350,000)
Electric Operating	0	1,300,000	(1,300,000)
Other Enterprise Operating	0	7,500	(7,500)
Enterprise Improvement	0	10,000	(10,000)
Guaranteed Deposit	0	10,000	(10,000)

At December 31, 2014, appropriations as approved by Village Council did not agree to the Village's accounting system for the following funds partially due to supplemental appropriations posted to the system by the Fiscal officer without formal approval by the Village Council:

**VILLAGE OF GLOUSTER  
ATHENS COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2015-006 (Continued)**

**Noncompliance and Material Weakness - Ohio Admin. Code § 117-2-02(C)(1) (Continued)**

Fund	Appropriations, as Posted	Appropriations, as Adopted	Variance
General Fund	\$215,750	\$210,000	\$5,750
Street Construction, Maintenance and Repair	82,100	80,000	2,100
COPS Grant	11,542	0	11,542
Fire Department	9,000	40,000	(31,000)
Water Operating	377,150	350,000	27,150
Electric Operating	1,364,000	1,300,000	64,000
Guaranteed Deposit	17,800	10,000	7,800

Because the budgetary information posted to the accounting system differed from the amounts formally approved, Council lost some degree of control and was unable to effectively monitor and report its budget to actual status throughout the year.

The Village should review accuracy of posted budgetary amounts in the UAN system and periodically reconcile these amounts to formally approved amounts. Further, any supplemental appropriations should be formally approved by the Village Council following the same procedures as original appropriations.

**Official's Response:** We will watch this more closely going forward.

**VILLAGE OF GLOUSTER  
ATHENS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2015 AND 2014**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i><b>Explain</b></i>
2013-001	Ohio Rev. Code § 5705.10(I) – Policies governing the allocation of the Mayor’s salary, rent and administrative cost were unreasonable based on the actual costs of the departments/funds charged.	Yes	N/A
2013-002	Ohio Rev. Code § 5705.10(I) – Negative fund balance of \$22,589 in the Street Levy Fund.	Yes	N/A
2013-003	Ohio Rev. Code § 5705.41(B) – Expenditures exceeded formally adopted appropriations.	No	Not corrected. Repeated as Finding 2015-002.
2013-004	Ohio Rev. Code § 5705.41(D)(1) – Expenditures were not always encumbered prior to obligation.	Yes	N/A
2013-005	Ohio Admin. Code § 117-2-02(A) cited for material misstatement requiring adjustment.	No	Not corrected. Repeated as Finding 2015-005.
2013-006	Ohio Admin. Code § 117-2-02(C)(1) cited for budgetary amounts as posted to the system not agreeing to the formally adopted amounts.	No	Not corrected. Repeated as Finding 2015-006.
2013-007	Significant Deficiency for posting an interfund transaction approved as a transfer as an advance.	Yes	N/A



# Dave Yost • Auditor of State

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  
AUGUST 30, 2016