



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF GLOUSTER
ATHENS COUNTY

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Glouster, Athens County, Ohio (the Village), as of and for the years ended December 31, 2001 and 2000. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Glouster, Athens County, as of December 31, 2001 and 2000, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2002, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of management, the Village Council and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, sweeping initial "J" and a long, horizontal stroke extending to the right.

Jim Petro
Auditor of State

June 17, 2002

**VILLAGE OF GLOUSTER
ATHENS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$ 47,163	\$ 55,060	\$ 102,223
Intergovernmental Receipts	56,633	113,176	169,809
Charges for Services	50,040	7,000	57,040
Fines, Licenses, and Permits	35,162	2,600	37,762
Earnings on Investments	6,738	2,372	9,110
Miscellaneous	22,396	15,113	37,509
	<u>218,132</u>	<u>195,321</u>	<u>413,453</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Security of Persons and Property	122,797	46,524	169,321
Public Health Services	1,599		1,599
Leisure Time Activities		9,971	9,971
Basic Utility Services	25,499		25,499
Transportation		197,775	197,775
General Government	83,200		83,200
Debt Service:			
Principal Payments		8,564	8,564
Interest Payments		1,869	1,869
	<u>233,095</u>	<u>264,703</u>	<u>497,798</u>
Total Cash Disbursements			
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(14,963)</u>	<u>(69,382)</u>	<u>(84,345)</u>
Other Financing Receipts/(Disbursements):			
Other Financing Sources	<u>13,480</u>	<u>135</u>	<u>13,615</u>
Total Other Financing Receipts/(Disbursements)	<u>13,480</u>	<u>135</u>	<u>13,615</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(1,483)	(69,247)	(70,730)
Fund Cash Balances, January 1	<u>23,980</u>	<u>180,021</u>	<u>204,001</u>
Fund Cash Balances, December 31	<u>\$ 22,497</u>	<u>\$ 110,774</u>	<u>\$ 133,271</u>
Reserves for Encumbrances, December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

VILLAGE OF GLOUSTER
ATHENS COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$ 1,046,629	\$ -	\$ 1,046,629
Miscellaneous	30,822		30,822
Total Operating Cash Receipts	<u>1,077,451</u>	<u>0</u>	<u>1,077,451</u>
Operating Cash Disbursements:			
Personal Services	183,824		183,824
Fringe Benefits	26,547		26,547
Contractual Services	715,339		715,339
Supplies and Materials	63,630		63,630
Capital Outlay	91,163		91,163
Miscellaneous	44,348		44,348
Total Operating Cash Disbursements	<u>1,124,851</u>	<u>0</u>	<u>1,124,851</u>
Operating Income/(Loss)	<u>(47,400)</u>	<u>0</u>	<u>(47,400)</u>
Non-Operating Cash Receipts/(Disbursements):			
Local Taxes	25,499		25,499
Proceeds from Notes	63,032		63,032
Other Non-Operating Receipts		39,959	39,959
Debt Service	(5,720)		(5,720)
Other Non-Operating Cash Disbursements		(44,016)	(44,016)
Total Non-Operating Cash Receipts/(Disbursements)	<u>82,811</u>	<u>(4,057)</u>	<u>78,754</u>
Excess of Cash Receipts Over/(Under) Cash Disbursements	35,411	(4,057)	31,354
Fund Cash Balances, January 1	<u>134,372</u>	<u>4,077</u>	<u>138,449</u>
Fund Cash Balances, December 31	<u>\$ 169,783</u>	<u>\$ 20</u>	<u>\$ 169,803</u>
Reserve for Encumbrances, December 31	<u>\$ 53,590</u>	<u>\$ -</u>	<u>\$ 53,590</u>

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

**VILLAGE OF GLOUSTER
ATHENS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$ 24,431	\$ 52,604	\$ -	\$ 77,035
Intergovernmental Receipts	64,678	75,632		140,310
Charges for Services	15,600	6,000		21,600
Fines, Licenses, and Permits	22,839	1,810		24,649
Earnings on Investments	8,421	2,032		10,453
Miscellaneous	15,672	11,503		27,175
Total Cash Receipts	<u>151,641</u>	<u>149,581</u>	<u>0</u>	<u>301,222</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	160,603	19,149		179,752
Public Health Services	976			976
Leisure Time Activities		10,398		10,398
Community Environment		6,149		6,149
Transportation		87,836		87,836
General Government	98,505			98,505
Debt Service:				
Principal Payments		8,019	33,169	41,188
Interest Payments		2,414	2,479	4,893
Total Cash Disbursements	<u>260,084</u>	<u>133,965</u>	<u>35,648</u>	<u>429,697</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(108,443)</u>	<u>15,616</u>	<u>(35,648)</u>	<u>(128,475)</u>
Other Financing Receipts/(Disbursements):				
Sale of Fixed Assets		50		50
Transfers-In	60,000	6,000	30,648	96,648
Transfers-Out		(36,648)		(36,648)
Other Financing Sources	66,342	70,936		137,278
Total Other Financing Receipts/(Disbursements)	<u>126,342</u>	<u>40,338</u>	<u>30,648</u>	<u>197,328</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>17,899</u>	<u>55,954</u>	<u>(5,000)</u>	<u>68,853</u>
Fund Cash Balances, January 1	<u>6,081</u>	<u>124,067</u>	<u>5,000</u>	<u>135,148</u>
Fund Cash Balances, December 31	<u>\$ 23,980</u>	<u>\$ 180,021</u>	<u>\$ -</u>	<u>\$ 204,001</u>
Reserves for Encumbrances, December 31	<u>\$ 155</u>	<u>\$ 4,066</u>	<u>\$ -</u>	<u>\$ 4,221</u>

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

**VILLAGE OF GLOUSTER
ATHENS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$ 950,057	\$ -	\$ 950,057
Miscellaneous	32,895		32,895
Total Operating Cash Receipts	<u>982,952</u>	<u>0</u>	<u>982,952</u>
Operating Cash Disbursements:			
Personal Services	207,922		207,922
Transportation	3,696		3,696
Contractual Services	684,611		684,611
Supplies and Materials	80,302		80,302
Capital Outlay	61,500		61,500
Total Operating Cash Disbursements	<u>1,038,031</u>	<u>0</u>	<u>1,038,031</u>
Operating Income/(Loss)	<u>(55,079)</u>	<u>0</u>	<u>(55,079)</u>
Non-Operating Cash Receipts/(Disbursements):			
Intergovernmental Receipts	37,757		37,757
Other Non-Operating Receipts		32,176	32,176
Other Non-Operating Cash Disbursements	(575)	(28,809)	(29,384)
Total Non-Operating Cash Receipts/(Disbursements)	<u>37,182</u>	<u>3,367</u>	<u>40,549</u>
Excess of Cash Receipts Over/(Under) Cash Disbursements Before Interfund Transfers and Advances	(17,897)	3,367	(14,530)
Transfers-Out	(60,000)		(60,000)
Net Receipts Over/(Under) Disbursements	(77,897)	3,367	(74,530)
Fund Cash Balances, January 1	212,269	710	212,979
Fund Cash Balances, December 31	<u>\$ 134,372</u>	<u>\$ 4,077</u>	<u>\$ 138,449</u>
Reserve for Encumbrances, December 31	<u>\$ 62,118</u>	<u>\$ -</u>	<u>\$ 62,118</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, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Glouster, Athens County (the Village), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including maintenance of streets, water and electric utility services, park operations (leisure time activities), and police and fire protection services.

The Village is associated with the Trimble Township Wastewater Treatment District, which is defined as a jointly governed organization. This organization is presented in Note 8.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Certificates of deposit are valued at cost. Interest earned is recognized and recorded when received.

D. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

**VILLAGE OF GLOUSTER
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

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

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

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

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

3. Debt Service Fund

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

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

4. Enterprise Funds

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

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

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

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

5. Fiduciary Funds (Agency Fund)

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant Fiduciary Fund:

Mayor's Court Fund - This fund accounts for the financial activity of the Mayor's Court, and is classified as an Agency fund.

**VILLAGE OF GLOUSTER
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2001 and 2000 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Accumulated Leave

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

**VILLAGE OF GLOUSTER
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2001	2000
Demand deposits	\$ 183,074	\$ 222,450
Certificates of deposit	120,000	120,000
Total deposits	\$ 303,074	\$ 342,450

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2001 and 2000, follows:

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 231,219	\$ 231,612	\$ 393
Special Revenue	139,637	195,456	55,819
Enterprise	1,137,565	1,165,982	28,417
Total	\$ 1,508,421	\$ 1,593,050	\$ 84,629

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 199,955	\$ 233,095	\$ (33,140)
Special Revenue	382,316	264,703	117,613
Enterprise	1,166,619	1,184,161	(17,542)
Total	\$ 1,748,890	\$ 1,681,959	\$ 66,931

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 275,469	\$ 277,983	\$ 2,514
Special Revenue	136,760	226,567	89,807
Debt Service	30,650	30,648	(2)
Enterprise	995,000	1,020,709	25,709
Total	\$ 1,437,879	\$ 1,555,907	\$ 118,028

**VILLAGE OF GLOUSTER
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 219,787	\$ 260,239	\$ (40,452)
Special Revenue	262,276	174,679	87,597
Debt Service	35,648	35,648	0
Enterprise	1,258,191	1,160,724	97,467
Total	\$ 1,775,902	\$ 1,631,290	\$ 144,612

Budgetary expenditures exceeded appropriation authority in the General Fund, Street Construction, Maintenance and Repair Fund, Water Fund, and Electric Fund for the year ended December 31, 2001, and in the General Fund for the year ended December 31, 2000. Appropriations exceeded estimated resources in the Water Fund for the years ended December 31, 2001 and 2000 and in the Street Construction, Maintenance and Repair Fund.

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

5. DEBT

Debt outstanding at December 31, 2001 was as follows:

	Principal	Interest Rate
Truck Lease	\$ 18,916	6.80%
Truck Note	59,227	5.75%
Total	\$ 78,143	

The truck lease relates to the lease of a dump truck for the Village's street department. The lease will be paid in annual installments of \$10,443, including interest. The lease is collateralized by the equipment purchased. Payments on the lease will be made from the Street Construction, Maintenance and Repair Fund.

The truck note relates to the purchase of a bucket truck for the Village's electric department. The loan will be paid in monthly principal installments of \$1,300 and interest will be paid quarterly. The full faith and credit of the Village has been pledged to repay this debt.

**VILLAGE OF GLOUSTER
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

5. DEBT (Continued)

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

Year ending December 31:	<u>Truck Lease</u>	<u>Truck Note</u>
2002	\$ 10,433	\$ 18,594
2003	10,444	17,697
2004		16,800
2005		12,743
Total	<u>\$ 20,877</u>	<u>\$ 65,834</u>

6. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Ohio Police and Fire Pension Fund (OP&F). Other full-time employees, part time law enforcement officers and some elected officials belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant wages. PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Village has not paid all contributions required through December 31, 2001.

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles;
- Property;
- Public Officials Liability;
- Errors and omissions.

8. JOINTLY GOVERNED ORGANIZATION

Trimble Township Wastewater Treatment District – The Trimble Township Wastewater Treatment District is a regional sewer district organized under Chapter 6119 of the Ohio Revised Code. The District operates under the direction of an eight member Board of Trustees whose membership is composed of two appointments from each of the participating subdivisions: Village of Trimble, Village of Jacksonville, Village of Glouster and Trimble Township. The membership elects a President, Vice-President, and a Secretary-Treasurer, who are responsible for fiscal control of the financial resources of the District. To obtain financial information, write to the Trimble Township Wastewater Treatment District, Joy Hemsley, Secretary-Treasurer, at 18551 Jacksonville Road, P.O. Box 278, Jacksonville, Ohio 45740. During 2000, the Village paid the District \$1,491 for sewer services. During 2001, the Village paid the District \$1,647 for sewer services.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

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

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Glouster, Athens County, Ohio (the Village), as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated June 17, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2001-30705-001 through 2001-30705-003. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated June 17, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated June 17, 2002.

Village of Gloucester
Athens County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
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This report is intended solely for the information and use of management and the Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a horizontal line extending to the right.

Jim Petro
Auditor of State

June 17, 2002

**VILLAGE OF GLOUSTER
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000**

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

FINDING NUMBER 2001-30705-001

Noncompliance Citation

Ohio Rev. Code Section 5705.39 states that the total appropriation from each fund should not exceed the total estimated revenue.

Appropriations exceeded estimated resources at December 31, 2001, in the following funds:

Fund	Estimated Resources	Appropriations	Variance
Street, Construction			
Maintenance and Repair	\$149,265	\$219,811	(\$70,546)
Water	332,982	393,175	(60,193)

Appropriations exceeded estimated resources at December 31, 2000, in the following fund:

Fund	Estimated Resources	Appropriations	Variance
Water	\$381,682	\$437,267	(\$55,585)

This could cause the Village to spend more money than is available to spend.

We recommend the Village monitor appropriations to ensure they do not exceed estimated resources.

FINDING NUMBER 2001-30705-002

Noncompliance Citation

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

Expenditures exceeded appropriations at the legal level of control as of December 31, 2001, in the following funds and line items:

Fund	Line Item	Appropriation Authority	Budgetary Expenditures	Variance
General	Salaries - Village Staff	\$68,000	\$93,671	(\$25,671)
General	Police and Fire Pension	9,000	11,383	(2,383)
General	Other Subdivision	0	25,499	(25,499)
General	Workers Compensation	0	6,874	(6,874)
Street Construction, Maintenance and Repair	Salaries - Village Staff	38,000	40,602	(2,602)
Water	Water and Sewage	250	163,306	(163,056)
Electric	Salaries - Village Staff	110,000	152,428	(42,428)

**VILLAGE OF GLOUSTER
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000
(Continued)**

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

**FINDING NUMBER 2001-30705-002
(Continued)**

Noncompliance Citation – Ohio Rev. Code Section 5705.41(B) (Continued)

Expenditures exceeded appropriations at the legal level of control as of December 31, 2000, in the following fund and line item:

Fund	Line Item	Appropriation Authority	Budgetary Expenditures	Variance
General	Personnel Benefits	\$52,000	\$83,811	(\$31,811)

The Clerk should deny payment requests exceeding appropriations. The Clerk may request Council to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

FINDING NUMBER 2001-30705-003

Noncompliance Citation

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

The following exceptions to this basic requirement are provided by statute:

- ▶ “Then and Now Certificate”: This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.
- ▶ Amounts of less than \$1,000 may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

80% of the expenditures tested did not have the prior certification of the Village Clerk, and neither of the exceptions noted above were met. This could result in the Village spending more money than what is available.

We recommend the Village obtain the prior certification of the Village Clerk before an obligation is incurred.

**VILLAGE OF GLOUSTER
ATHENS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2001 and 2000**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
1999-30705-001	A material noncompliance citation was issued under Ohio Rev. Code Section 4115.04 for not monitoring prevailing wages.	Yes	N/A
1999-30705-002	A material noncompliance citation was issued under Ohio Rev. Code Section 5705.38 for not adopting permanent appropriations.	No	Partially corrected: The finding was no longer significant, and the issue is included in the Management Letter.
1999-30705-003	A material noncompliance citation was issued under Ohio Rev. Code Section 5705.36 for not filing the certificate of Total Amount From All Sources Available for Expenditures with the County Auditor.	No	Not corrected: The finding was no longer significant, and the issue is included in the Management Letter.
1999-30705-004	A material noncompliance citation was issued under Ohio Rev. Code Section 5705.41(B) for expending money without the benefit of appropriations.	No	Not corrected. The finding is repeated in the current audit Schedule of Findings as item 2001-30705-002.
1999-30705-005	A material noncompliance citation was issued under Ohio Rev. Code Section 5705.41(D) for not properly certifying the availability of funds.	No	Not corrected: The finding is repeated in the current audit Schedule of Findings as item 2001-30705-003.
1999-30705-006	A reportable condition was issued for not recording all transactions in the Village's books and for not reconciling with the bank.	Yes	N/A



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

VILLAGE OF GLOUSTER

ATHENS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 1, 2002**