



OHIO AUDITOR OF STATE  
**KEITH FABER**





**VILLAGE OF GIBSONBURG  
SANDUSKY COUNTY  
DECEMBER 31, 2019 AND 2018**

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Village of Gibsonburg  
Sandusky County  
526 N Webster Street  
Gibsonburg, Ohio 43431

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 Gibsonburg, Sandusky County, Ohio (the Village) as of and for the years ended December 31, 2019 and 2018.

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

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

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

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

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

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

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

As described in Note 2 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38

and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

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

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

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

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

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

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

***Emphasis of Matter***

As discussed in Note 11 to the 2019 financial statements and Note 12 to the 2018 financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 8, 2020, 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.



Keith Faber  
Auditor of State

Columbus, Ohio

July 8, 2020

**Village of Gibsonburg, Ohio**  
*Sandusky County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2019*

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$99,607	\$13,443		\$113,050
Municipal Income Tax	743,145			743,145
Intergovernmental	81,859	158,397		240,256
Special Assessments	1,678			1,678
Charges for Services	2,355	6,145		8,500
Fines, Licenses and Permits	28,322	10,339		38,661
Earnings on Investments	16,670			16,670
Miscellaneous	25,151	8,528		33,679
<i>Total Cash Receipts</i>	<u>998,787</u>	<u>196,852</u>		<u>1,195,639</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	434,729			434,729
Public Health Services	1,060			1,060
Leisure Time Activities	64,063	4,769		68,832
Community Environment	465			465
Transportation		87,530		87,530
General Government	280,164	18,191		298,355
Capital Outlay	28,919	21,162		50,081
Debt Service:				
Principal Retirement		33,085	\$100,000	133,085
Interest and Fiscal Charges		21,714		21,714
<i>Total Cash Disbursements</i>	<u>809,400</u>	<u>186,451</u>	<u>100,000</u>	<u>1,095,851</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>189,387</u>	<u>10,401</u>	<u>(100,000)</u>	<u>99,788</u>
<b>Other Financing Receipts (Disbursements)</b>				
Sale of Notes			100,000	100,000
Transfers In		26,038		26,038
Transfers Out	(26,038)			(26,038)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(26,038)</u>	<u>26,038</u>	<u>\$100,000</u>	<u>100,000</u>
<i>Net Change in Fund Cash Balances</i>	163,349	36,439		199,788
<i>Fund Cash Balances, January 1</i>	<u>420,317</u>	<u>289,948</u>		<u>710,265</u>
<b>Fund Cash Balances, December 31</b>				
Restricted		297,456		297,456
Committed		28,931		28,931
Assigned	89,307			89,307
Unassigned	494,359			494,359
<i>Fund Cash Balances, December 31</i>	<u>\$583,666</u>	<u>\$326,387</u>		<u>\$910,053</u>

*See accompanying notes to the basic financial statements*

**Village of Gibsonburg, Ohio**  
*Sandusky County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*Proprietary Fund Type*  
*For the Year Ended December 31, 2019*

	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$1,281,231
Miscellaneous	6,404
	1,287,635
<b>Operating Cash Disbursements</b>	
Personal Services	224,822
Employee Fringe Benefits	84,064
Contractual Services	319,876
Supplies and Materials	87,304
	716,066
<i>Total Operating Cash Disbursements</i>	<i>716,066</i>
<i>Operating Income</i>	<i>571,569</i>
<b>Non-Operating Receipts (Disbursements)</b>	
Intergovernmental	3,000
Capital Outlay	(334,127)
Principal Retirement	(346,337)
Interest and Other Fiscal Charges	(78,124)
	(755,588)
<i>Total Non-Operating Receipts (Disbursements)</i>	<i>(755,588)</i>
<i>Loss before Capital Contributions</i>	<i>(184,019)</i>
Capital Contributions	139,309
	(44,710)
<i>Net Change in Fund Cash Balances</i>	<i>(44,710)</i>
<i>Fund Cash Balances, January 1</i>	<i>1,322,250</i>
<i>Fund Cash Balances, December 31</i>	<i>\$1,277,540</i>

*See accompanying notes to the basic financial statements*



**Village of Gibsonburg, Ohio**  
*Sandusky County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 1 – Reporting Entity**

The Village of Gibsonburg (the Village), Sandusky County, Ohio is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, and police services. The Village is within the boundaries of Madison Township, which supports and covers fire protection and emergency medical services for the Village residents.

***Public Entity Risk Pool***

The Village participates in the Public Entities Pool of Ohio (PEP) public entity risk pool. Note 7 to the financial statements provides additional information for this entity. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

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

***Basis of Presentation***

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

***Fund Accounting***

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

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

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

***Street Construction Maintenance and Repair*** The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

***Permissive Motor Vehicle License Tax Fund*** This fund receives permissive motor vehicle license tax monies distributed from the County for constructing, maintaining and repairing Village streets.

***Economic Development Industrial Park Fund*** This fund receives revenue from land and cell phone tower rent, which is used to pay principal and interest payments on the loan the Village received to develop the Industrial Park.

**Village of Gibsonburg, Ohio**  
*Sandusky County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Capital Project Funds** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project fund:

**Other Capital Projects Fund** The Other Capital Projects fund accounts for and reports funds from the rollover of a one year bond anticipation note, that was originally used to pay for administration building improvements, with principal and interest payments shared by the General, Street, Water and Sewer funds.

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

**Water Operating Fund** The water operating fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

**Sewer Operating Fund** The sewer operating fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

***Basis of Accounting***

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

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

***Budgetary Process***

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

**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 Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

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

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

A summary of 2019 budgetary activity appears in Note 3.

**Village of Gibsonburg, Ohio**  
*Sandusky County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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***Deposits and Investments***

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

***Capital Assets***

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

***Accumulated Leave***

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

***Fund Balance***

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

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

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

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

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

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

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

**Village of Gibsonburg, Ohio**  
*Sandusky County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Note 3 – Budgetary Activity**

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

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$859,784	\$998,787	\$139,003
Special Revenue	184,575	222,890	38,315
Capital Projects	150,000	100,000	(50,000)
Enterprise	1,522,550	1,429,944	(92,606)
Total	<u>\$2,716,909</u>	<u>\$2,751,621</u>	<u>\$34,712</u>

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$879,150	\$835,438	\$43,712
Special Revenue	406,496	186,451	220,045
Capital Projects	150,000	100,000	50,000
Enterprise	2,410,399	1,631,902	778,497
Total	<u>\$3,846,045</u>	<u>\$2,753,791</u>	<u>\$1,092,254</u>

**Note 4 – Deposits**

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

	2019
Demand deposits	\$64,191
Certificates of deposit	504,699
Other time deposits (savings and NOW accounts)	1,618,703
Total deposits	<u>2,187,593</u>

***Deposits***

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

**Village of Gibsonburg, Ohio**  
*Sandusky County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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**Note 5 – Taxes**

***Property Taxes***

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

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

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

***Income Taxes***

The Village levies a municipal income tax of 1 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**Note 6 – Interfund Transfer**

During 2019, the Village had the following interfund transfer:

Fund	Transfers In	Transfers Out
General fund		\$26,038
Economic Development - Industrial Park fund	\$26,038	

The Village made the transfer for the purpose of funding economic development infrastructure improvements.

**Note 7 – Risk Management**

***Risk Pool Membership***

The Village is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the Village’s policy. The Pool covers the following risks:

**Village of Gibsonburg, Ohio**  
*Sandusky County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2019</u>
Cash and investments	\$38,432,610
Actuarial liabilities	\$14,705,917

**Note 8 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Most Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2019.

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

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

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

**Note 9 – Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2019. OP&F contributes 0.5 percent to fund these benefits.

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

**Note 10 – Debt**

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

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan #2991	\$111,669	7.38%
Ohio Water Development Authority Loan #3895	268,932	3.03%
Ohio Water Development Authority Loan #4629	787,650	2.75%
Ohio Water Development Authority Loan #4634	164,317	4.32%
Ohio Water Development Authority Loan #5072	169,758	4.97%
Ohio Water Development Authority Loan #5402	204,439	0.00%
Ohio Water Development Authority Loan #6041	544,562	3.55%
Ohio Water Development Authority Loan #6415	613,949	3.15%
Ohio Water Development Authority Loan #8685**	139,439	1.78%
Ohio Public Works Commission #CT14F	24,812	0.00%
Ohio Public Works Commission #CE36F	43,422	0.00%
Ohio Public Works Commission #CE21K	22,979	0.00%
Ohio Public Works Commission #CE39P	54,192	0.00%
Ohio Public Works Commission #CE30R	234,248	0.00%
Bond Anticipation Note - Fifth Third Bank	100,000	3.99%
Total	<u><u>\$3,484,368</u></u>	

The Ohio Water Development Authority (OWDA) Loan 2991 relates to a well field, lines, and plant improvement project. The OWDA approved up to \$900,000 in loans to the Village for this project. The loan will be repaid in semiannual installments over 25 years. The loan is collateralized by water receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) Loan 3895 relates to waste water treatment plant improvements. The OWDA approved up to \$1,069,560 in loans to the Village for this project. The loan will be repaid in semiannual installments over 20 years. The loan is collateralized by sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development authority (OWDA) loan 4629 relates to the Hurlbut ditch sewer improvements. The OWDA approved up to \$1,789,754 in loans to the Village for this project. The loan will be repaid in semiannual installments of \$58,470, including interest, over 18 years. The loan is collateralized by sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan 4634 relates to the Yeasting Street waterline replacement. The OWDA approved up to \$290,243 in loans to the Village for this project. The loan will be repaid in semiannual installments over 18 years. The loan is collateralized by water receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

**Village of Gibsonburg, Ohio**  
*Sandusky County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

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The Ohio Water Development Authority (OWDA) loan 5072 relates to the Main Street Waterline Project. The OWDA approved up to \$234,810 in loans to the Village for this project. The loan will be repaid in semiannual installments over 25 years. The loan is collateralized by water receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan 5402 relates to the Eastside Combined Sewer Separation Project. The OWDA approved up to \$477,319 in loans to the Village for this project. The loan will be repaid in semiannual installments of \$9,735, including interest, over 30 years. The loan is collateralized by sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan 6041 relates to the Northwest Quadrant Water Main Replacement Project. The OWDA approved up to \$677,387 in loans to the Village for this project. The loan will be repaid in semiannual installments of \$17,421, including interest, over 30 years. The loan is collateralized by water receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan 6415 relates to the Clearview Industrial Park Sewer Project. The OWDA approved up to \$680,916 in loans to the Village for this project. The loan will be repaid in semiannual installments of \$18,074, including interest over 30 years. The loan is collateralized by sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

(\*\*) The Ohio Water Development Authority (OWDA) loan 8685 relates to the Linden Avenue Lift Station Replacement Project. The OWDA approved up to \$283,689 in loans to the Village for this project. The project is in the final stages of completion with \$139,439 being disbursed from this loan as of December 31, 2019. Once final disbursement is complete, the loan will be repaid in semi-annual installments of approximately \$8,461, including interest, over 20 years, although OWDA has not released a final amortization schedule for this loan. The loan is collateralized by sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Public Works Commission (OPWC) loan CT14F relates to the Waste Water Treatment Plant Improvements. The OPWC approved up to \$99,249 in loans to the Village for this project. The loan will be repaid in semiannual installments of \$2,481 over 20 years. The loan is collateralized by sewer receipts. The Village has agreed to set utility rates sufficient to cover the OPWC debt service requirements.

The Ohio Public Works Commission (OPWC) loan CE36F relates to the Waste Water Treatment Plant Improvements. The OPWC approved up to \$173,686 in loans to the Village for this project. The loan will be repaid in semiannual installments of \$4,342 over 20 years. The loan is collateralized by sewer receipts. The Village has agreed to set utility rates sufficient to cover the OPWC debt service requirements.

The Ohio Public Works Commission (OPWC) loan CE21K relates to the Hulbut Ditch Waterline Relocation Project. The OPWC approved up to \$54,068 in loans to the Village for this project. The loan will be repaid in semiannual installments of \$1,352 over 20 years. The loan is collateralized by water receipts. The Village has agreed to set utility rates sufficient to cover the OPWC debt service requirements.



**Village of Gibsonburg, Ohio**  
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*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

The Ohio Public Works Commission (OPWC) loan CE39P relates to the Water and Wastewater Plant Scada System Project. The OPWC approved up to \$71,305 in loans to the Village for this project. The loan will be repaid in semiannual installments of \$1,426 over 25 years. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover the OPWC debt service requirements.

The Ohio Public Works Commission (OPWC) loan CE30R relates to the Waste Water Treatment Plant Long Term Control Project Improvements. The OPWC approved up to \$270,286 in loans to the Village for this project. The loan will be repaid in semiannual installments of \$4,505 over 30 years. The loan is collateralized by sewer receipts. The Village has agreed to set utility rates sufficient to cover the OPWC debt service requirements.

The Municipal Complex Improvement Bond Anticipation Note (BAN) was originally issued for \$300,000 on October 7, 2016. The note was issued by the Village for the purpose of paying costs of acquiring, renovating, remodeling, equipping, furnishing, and improving a building to serve as a municipal complex. Principal and interest payments are made from the General, Water, Sewer, and Street funds, due to utilization by each of those departments.

***Amortization***

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

Year Ending December 31:	OWDA 2991	OWDA 3895	OWDA 4629	OWDA 4634	OWDA 5072
2020	\$78,027	\$71,821	\$116,940	\$25,372	\$14,940
2021	39,613	71,840	116,940	25,434	15,021
2022		71,860	116,940	25,498	15,106
2023		71,882	116,940	25,564	15,195
2024			116,940	25,634	15,290
2025-2029			292,350	64,415	78,022
2030-2034					72,896
Total	<u>\$117,640</u>	<u>\$287,403</u>	<u>\$877,050</u>	<u>\$191,917</u>	<u>\$226,470</u>

Year Ending December 31:	OWDA 5402	OWDA 6041	OWDA 6415	OWDA 8685	OPWC CT14F
2020	\$19,470	\$34,842	\$36,148	\$16,921	\$4,962
2021	19,470	34,842	36,148	16,921	4,962
2022	19,470	34,842	36,148	16,921	4,962
2023	19,471	34,842	36,148	16,921	4,963
2024	19,471	34,842	36,148	16,921	4,963
2025-2029	97,352	174,209	180,739	84,606	
2030-2034	9,735	174,209	180,739	84,606	
2035-2039		174,210	180,739	84,606	
2040-2044		104,525	162,666		
Total	<u>\$204,439</u>	<u>\$801,363</u>	<u>\$885,623</u>	<u>\$338,423</u>	<u>\$24,812</u>

**Village of Gibsonburg, Ohio**  
*Sandusky County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2019*

Year Ending December 31:	OPWC CE36F	OPWC CE21K	OPWC CE39P	OPWC CE30R	Municipal Complex Improvement Notes
2020	\$8,684	\$2,703	\$2,852	\$9,010	\$103,990
2021	8,684	2,703	2,852	9,010	
2022	8,684	2,703	2,852	9,010	
2023	8,685	2,704	2,852	9,010	
2024	8,685	2,704	2,852	9,010	
2025-2029		9,462	14,262	45,047	
2030-2034			14,262	45,047	
2035-2039			11,408	45,047	
2040-2044				45,047	
2045-2049				9,010	
Total	<u>\$43,422</u>	<u>\$22,979</u>	<u>\$54,192</u>	<u>\$234,248</u>	<u>\$103,990</u>

**Note 11 – Subsequent Events**

***Bond Anticipation Notes***

On July 2, 2020, the Village issued \$200,000 in downtown revitalization bond anticipation notes with Huntington bank. The notes have an interest rate of 2.5 percent and mature on July 2, 2021.

***COVID-19***

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

**Village of Gibsonburg, Ohio**  
*Sandusky County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2018*

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$96,938	\$14,385		\$111,323
Municipal Income Tax	692,890			692,890
Intergovernmental	75,409	128,366		203,775
Special Assessments	2,747			2,747
Charges for Services	4,100	4,070		8,170
Fines, Licenses and Permits	27,665	17,969		45,634
Earnings on Investments	12,583			12,583
Miscellaneous	26,789	16,751		43,540
<i>Total Cash Receipts</i>	<u>939,121</u>	<u>181,541</u>		<u>1,120,662</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	464,117			464,117
Public Health Services	1,043			1,043
Leisure Time Activities	58,581	6,854		65,435
Community Environment	308	3,000		3,308
Transportation		68,910		68,910
General Government	300,457	21,889		322,346
Capital Outlay	21,359	62,658		84,017
Debt Service:				
Principal Retirement		32,579	\$150,000	182,579
Interest and Fiscal Charges		22,893		22,893
<i>Total Cash Disbursements</i>	<u>845,865</u>	<u>218,783</u>	<u>150,000</u>	<u>1,214,648</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>93,256</u>	<u>(37,242)</u>	<u>(150,000)</u>	<u>(93,986)</u>
<b>Other Financing Receipts (Disbursements)</b>				
Sale of Notes			150,000	150,000
Transfers In		25,143		25,143
Transfers Out	(25,143)			(25,143)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(25,143)</u>	<u>25,143</u>	<u>\$150,000</u>	<u>150,000</u>
<i>Net Change in Fund Cash Balances</i>	68,113	(12,099)		56,014
<i>Fund Cash Balances, January 1</i>	<u>352,204</u>	<u>302,047</u>		<u>654,251</u>
<b>Fund Cash Balances, December 31</b>				
Restricted		268,174		268,174
Committed		21,774		21,774
Assigned	19,366			19,366
Unassigned	400,951			400,951
<i>Fund Cash Balances, December 31</i>	<u>\$420,317</u>	<u>\$289,948</u>		<u>\$710,265</u>

See accompanying notes to the basic financial statements

**Village of Gibsonburg, Ohio**  
*Sandusky County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*Proprietary Fund Types*  
*For the Year Ended December 31, 2018*

	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$1,290,491
Miscellaneous	7,194
	1,297,685
<i>Total Operating Cash Receipts</i>	<i>1,297,685</i>
<b>Operating Cash Disbursements</b>	
Personal Services	212,251
Employee Fringe Benefits	88,860
Contractual Services	336,371
Supplies and Materials	74,137
	711,619
<i>Total Operating Cash Disbursements</i>	<i>711,619</i>
<i>Operating Income</i>	<i>586,066</i>
<b>Non-Operating Disbursements</b>	
Capital Outlay	(149,782)
Principal Retirement	(348,201)
Interest and Other Fiscal Charges	(87,876)
	(585,859)
<i>Total Non-Operating Disbursements</i>	<i>(585,859)</i>
<i>Net Change in Fund Cash Balances</i>	<i>207</i>
<i>Fund Cash Balances, January 1</i>	<i>1,322,043</i>
<i>Fund Cash Balances, December 31</i>	<i>\$1,322,250</i>

*See accompanying notes to the basic financial statements*

**Village of Gibsonburg, Ohio**  
*Sandusky County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 1 – Reporting Entity**

The Village of Gibsonburg (the Village), Sandusky County, Ohio is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, and police services. The Village is within the boundaries of Madison Township, which supports and covers fire protection and emergency medical services for the Village residents.

***Public Entity Risk Pool***

The Village participates in the Public Entities Pool of Ohio (PEP) public entity risk pool. Note 7 to the financial statements provides additional information for this entity. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

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

***Basis of Presentation***

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

***Fund Accounting***

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

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

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

***Street Construction Maintenance and Repair*** The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

***Permissive Motor Vehicle License Tax Fund*** This fund receives permissive motor vehicle license tax monies distributed from the County for constructing, maintaining and repairing Village streets.

***Economic Development Industrial Park Fund*** This fund receives revenue from land and cell phone tower rent, which is used to pay principal and interest payments on the loan the Village received to develop the Industrial Park.

**Village of Gibsonburg, Ohio**  
*Sandusky County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Capital Project Funds** These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project fund:

**Other Capital Projects Fund** The Other Capital Projects fund accounts for and reports funds from the rollover of a one year bond anticipation note, that was originally used to pay for administration building improvements, with principal and interest payments shared by the General, Street, Water and Sewer funds.

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

**Water Operating Fund** The water operating fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

**Sewer Operating Fund** The sewer operating fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

***Basis of Accounting***

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

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

***Budgetary Process***

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

**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 Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

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

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

A summary of 2018 budgetary activity appears in Note 3.

**Village of Gibsonburg, Ohio**  
*Sandusky County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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***Deposits and Investments***

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

***Capital Assets***

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

***Accumulated Leave***

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

***Fund Balance***

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

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

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

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

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

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

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

**Village of Gibsonburg, Ohio**  
*Sandusky County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**Note 3 – Budgetary Activity**

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

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$834,900	\$939,121	\$104,221
Special Revenue	188,775	206,684	17,909
Capital Projects	200,000	150,000	(50,000)
Enterprise	1,344,750	1,297,685	(47,065)
Total	\$2,568,425	\$2,593,490	\$25,065

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$922,626	\$871,008	\$51,618
Special Revenue	367,341	218,783	148,558
Capital Projects	200,000	150,000	50,000
Enterprise	2,047,494	1,306,712	740,782
Total	\$3,537,461	\$2,546,503	\$990,958

**Note 4 – Deposits**

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

Demand deposits	2018 \$1,314
Certificates of deposit	500,000
Other time deposits (savings and NOW accounts)	1,531,201
Total deposits	2,032,515

***Deposits***

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



**Village of Gibsonburg, Ohio**  
*Sandusky County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 5 – Taxes**

***Property Taxes***

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

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

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

***Income Taxes***

The Village levies a municipal income tax of 1 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**Note 6 – Interfund Transfer**

During 2018, the Village had the following interfund transfer:

Fund	Transfers In	Transfers Out
General fund		\$25,143
Economic Development - Industrial Park fund	\$25,143	

The Village made the transfer for the purpose of funding economic development infrastructure improvements.

**Note 7 – Risk Management**

***Risk Pool Membership***

The Village is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the Village’s policy. The pool covers the following risks:

**Village of Gibsonburg, Ohio**  
*Sandusky County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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- General liability and casualty
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2018</u>
Cash and investments	\$35,381,789
Actuarial liabilities	\$12,965,015

**Note 8 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

Most Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2018.

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

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

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

**Note 9 – Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2018. OP&F contributes 0.5 percent to fund these benefits.

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

**Note 10 – Debt**

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

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan #2991	\$180,174	7.38%
Ohio Water Development Authority Loan #3895	331,260	3.03%
Ohio Water Development Authority Loan #4629	881,000	2.75%
Ohio Water Development Authority Loan #4634	182,511	4.32%
Ohio Water Development Authority Loan #5072	177,595	4.97%
Ohio Water Development Authority Loan #5402	223,910	0.00%
Ohio Water Development Authority Loan #6041	559,668	3.55%
Ohio Water Development Authority Loan #6415	630,369	3.15%
Ohio Public Works Commission #CT14F	29,775	0.00%
Ohio Public Works Commission #CE36F	52,106	0.00%
Ohio Public Works Commission #CE21K	25,682	0.00%
Ohio Public Works Commission #CE39P	57,044	0.00%
Ohio Public Works Commission #CE30R	243,258	0.00%
Bond Anticipation Note - Fifth Third Bank	150,000	3.99%
Total	<u>\$3,724,352</u>	

The Ohio Water Development Authority (OWDA) Loan 2991 relates to a well field, lines, and plant improvement project. The OWDA approved up to \$900,000 in loans to the Village for this project. The loan will be repaid in semiannual installments over 25 years. The loan is collateralized by water receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) Loan 3895 relates to waste water treatment plant improvements. The OWDA approved up to \$1,069,560 in loans to the Village for this project. The loan will be repaid in semiannual installments over 20 years. The loan is collateralized by sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development authority (OWDA) loan 4629 relates to the Hurlbut ditch sewer improvements. The OWDA approved up to \$1,789,754 in loans to the Village for this project. The loan will be repaid in semiannual installments of \$58,470, including interest, over 18 years. The loan is collateralized by sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan 4634 relates to the Yeasting Street waterline replacement. The OWDA approved up to \$290,243 in loans to the Village for this project. The loan will be repaid in semiannual installments over 18 years. The loan is collateralized by water receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

**Village of Gibsonburg, Ohio**  
*Sandusky County*  
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*For the Year Ended December 31, 2018*

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The Ohio Water Development Authority (OWDA) loan 5072 relates to the Main Street Waterline Project. The OWDA approved up to \$234,810 in loans to the Village for this project. The loan will be repaid in semiannual installments over 25 years. The loan is collateralized by water receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan 5402 relates to the Eastside Combined Sewer Separation Project. The OWDA approved up to \$477,319 in loans to the Village for this project. The loan will be repaid in semiannual installments of \$9,735, including interest, over 30 years. The loan is collateralized by sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan 6041 relates to the Northwest Quadrant Water Main Replacement Project. The OWDA approved up to \$677,387 in loans to the Village for this project. The loan will be repaid in semiannual installments of \$17,421, including interest, over 30 years. The loan is collateralized by water receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan 6415 relates to the Clearview Industrial Park Sewer Project. The OWDA approved up to \$680,916 in loans to the Village for this project. The loan will be repaid in semiannual installments of \$18,074, including interest over 30 years. The loan is collateralized by sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Public Works Commission (OPWC) loan CT14F relates to the Waste Water Treatment Plant Improvements. The OPWC approved up to \$99,249 in loans to the Village for this project. The loan will be repaid in semiannual installments of \$2,481 over 20 years. The loan is collateralized by sewer receipts. The Village has agreed to set utility rates sufficient to cover the OPWC debt service requirements.

The Ohio Public Works Commission (OPWC) loan CE36F relates to the Waste Water Treatment Plant Improvements. The OPWC approved up to \$173,686 in loans to the Village for this project. The loan will be repaid in semiannual installments of \$4,342 over 20 years. The loan is collateralized by sewer receipts. The Village has agreed to set utility rates sufficient to cover the OPWC debt service requirements.

The Ohio Public Works Commission (OPWC) loan CE21K relates to the Hulbut Ditch Waterline Relocation Project. The OPWC approved up to \$54,068 in loans to the Village for this project. The loan will be repaid in semiannual installments of \$1,352 over 20 years. The loan is collateralized by water receipts. The Village has agreed to set utility rates sufficient to cover the OPWC debt service requirements.

The Ohio Public Works Commission (OPWC) loan CE39P relates to the Water and Wastewater Plant Scada System Project. The OPWC approved up to \$71,305 in loans to the Village for this project. The loan will be repaid in semiannual installments of \$1,426 over 25 years. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover the OPWC debt service requirements.

The Ohio Public Works Commission (OPWC) loan CE30R relates to the Waste Water Treatment Plant Long Term Control Project Improvements. The OPWC approved up to \$270,286 in loans to the Village for this project. The loan will be repaid in semiannual installments of \$4,505 over 30 years. The loan is collateralized by sewer receipts. The Village has agreed to set utility rates sufficient to cover the OPWC debt service requirements.

**Village of Gibsonburg, Ohio**  
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*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

The Municipal Complex Improvement Bond Anticipation Note (BAN) was originally issued for \$300,000 on October 7, 2016. The note was issued by the Village for the purpose of paying costs of acquiring, renovating, remodeling, equipping, furnishing, and improving a building to serve as a municipal complex. Principal and interest payments are made from the General, Water, Sewer, and Street funds, due to utilization by each of those departments.

***Amortization***

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

Year Ending December 31:	OWDA 2991	OWDA 3895	OWDA 4629	OWDA 4634	OWDA 5072
2019	\$75,712	\$71,802	\$116,940	\$25,314	\$14,863
2020	78,027	71,821	116,940	25,372	14,940
2021	39,613	71,840	116,940	25,434	15,021
2022		71,860	116,940	25,498	15,106
2023		71,882	116,940	25,564	15,194
2024-2028			409,291	90,048	77,479
2029-2033					80,487
2034-2038					8,244
Total	<u>\$193,352</u>	<u>\$359,205</u>	<u>\$993,991</u>	<u>\$217,230</u>	<u>\$241,334</u>

Year Ending December 31:	OWDA 5402	OWDA 6041	OWDA 6415	OPWC CT14F	OPWC CE36F
2019	\$19,471	\$34,842	\$36,148	\$4,962	\$8,684
2020	19,471	34,842	36,148	4,962	8,684
2021	19,470	34,842	36,148	4,962	8,684
2022	19,470	34,842	36,148	4,963	8,684
2023	19,470	34,842	36,148	4,963	8,684
2024-2028	97,352	174,209	180,739	4,963	8,686
2029-2033	29,206	174,209	180,739		
2034-2038		174,210	180,739		
2039-2043		139,367	180,739		
2044-2045			18,074		
Total	<u>\$223,910</u>	<u>\$836,205</u>	<u>\$921,770</u>	<u>\$29,775</u>	<u>\$52,106</u>

**Village of Gibsonburg, Ohio**  
*Sandusky County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

Year Ending December 31:	OPWC CE21K	OPWC CE39P	OPWC CE30R	Municipal Complex Improvement Notes
2019	\$2,703	\$2,852	\$9,010	\$155,957
2020	2,704	2,852	9,010	
2021	2,704	2,852	9,010	
2022	2,704	2,852	9,010	
2023	2,703	2,853	9,010	
2024-2028	12,164	14,261	45,045	
2029-2033		14,261	45,047	
2034-2038		14,261	45,048	
2039-2043			45,049	
2044-2045			18,019	
Total	<u>\$25,682</u>	<u>\$57,044</u>	<u>\$243,258</u>	<u>\$155,957</u>

**Note 11 – Miscellaneous Receipts**

Miscellaneous receipts within the Special Revenue funds consist largely of contributions and donations.

**Note 12 – Subsequent Events**

***Bond Anticipation Notes***

On October 4, 2019, the Village issued \$100,000 in municipal complex improvement bond anticipation notes with Fifth Third bank. The notes have an interest rate of 3.99 percent and mature on October 2, 2020.

On July 2, 2020, the Village issued \$200,000 in downtown revitalization bond anticipation notes with Huntington bank. The notes have an interest rate of 2.5 percent and mature on July 2, 2021.

***COVID-19***

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



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NorthwestRegion@ohioauditor.gov

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

Village of Gibsonburg  
Sandusky County  
526 North Webster Street  
Gibsonburg, Ohio 43431

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts and disbursements by fund type of the Village of Gibsonburg, Sandusky County, (the Village) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, and have issued our report thereon dated July 8, 2020, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village.

***Internal Control Over Financial Reporting***

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***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 report is not suitable for any other purpose.



Keith Faber  
Auditor of State

Columbus, Ohio

July 8, 2020





# Village of Gibsonburg

526 N. WEBSTER STREET  
GIBSONBURG, OHIO 43431

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2019 AND 2018

Finding Number	Finding Summary	Status	Additional Information
2017-001	Finding was first reported during the audit of the 2008-2009 financial statements. Material weakness due to errors in financial reporting.	Partially corrected and repeated in Management Letter.	Errors identified in the 2018-2019 audit were not material to the financial statements. The finding partially reoccurred due to inadequate policies and procedures in reviewing footnotes and financial statements prior to filing the draft report in the HINKLE system. The Fiscal Officer was unaware of the errors and will review the proper procedures and make corrections in the future.
2017-002	Finding was first reported during the audit of the 2014-2015 financial statements. Noncompliance with Ohio Rev. Code § 5705.41(B) due to budgetary expenditures exceeding appropriations in the Capital Projects fund.	Fully corrected.	

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# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF GIBSONBURG**

**SANDUSKY 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  
JULY 23, 2020**