



**Auditor of State  
Betty Montgomery**



VILLAGE OF GLENWILLOW  
CUYAHOGA COUNTY

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

Village of Glenwillow  
Cuyahoga County  
29555 Pettibone Road  
Glenwillow, Ohio 44139

To the Village Council:

We have audited the accompanying financial statements of the Village of Glenwillow, Cuyahoga County, Ohio, (the Village) as of and for the years ended December 31, 2003 and December 31, 2002. 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.

The Village's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Village because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code §117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11 (B) and 115.56 mandate the Auditor of State to audit Ohio governments.

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 Glenwillow, Cuyahoga County, Ohio, as of December 31, 2003 and December 31, 2002, 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 November 3, 2004, 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.

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This report is intended solely for the information and use of the management, 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

November 3, 2004

**VILLAGE OF GLENWILLOW  
CUYAHOGA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>					
Property Tax and Other Local Taxes	\$93,296	\$4,249	\$0	\$0	\$97,545
Municipal Income Tax	1,173,185	80,609	0	53,739	1,307,533
Special Assessments	0	0	35,040	0	35,040
Intergovernmental Receipts	66,533	516,743	0	0	583,276
Charges for Services	300	27,478	0	51,931	79,709
Fines, Licenses, and Permits	209,687	6,660	0	0	216,347
Earnings on Investments	29,570	9	0	1,980	31,559
Miscellaneous	43,917	11,910	0	0	55,827
<b>Total Cash Receipts</b>	<u>1,616,488</u>	<u>647,658</u>	<u>35,040</u>	<u>107,650</u>	<u>2,406,836</u>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	409,604	130,125	0	0	539,729
Public Health Services	2,666	0	0	0	2,666
Community Environment	120,614	2,240	0	0	122,854
Transportation	0	252,260	0	111,311	363,571
General Government	742,402	149,759	133	0	892,294
Capital Outlay	42,191	8,470	0	15,960	66,621
Debt Service:					
Principal Payments	0	0	15,000	600,000	615,000
Interest Payments	0	0	20,328	9,000	29,328
<b>Total Cash Disbursements</b>	<u>1,317,477</u>	<u>542,854</u>	<u>35,461</u>	<u>736,271</u>	<u>2,632,063</u>
Total Receipts Over/(Under) Disbursements	<u>299,011</u>	<u>104,804</u>	<u>(421)</u>	<u>(628,621)</u>	<u>(225,227)</u>
<b>Other Financing Receipts and (Disbursements):</b>					
Sale of Fixed Assets	2,500	0	0	0	2,500
Transfers-In	7,802	360,257	0	718,640	1,086,699
Transfers-Out	(460,000)	(626,442)	0	(257)	(1,086,699)
Other Financing Sources	0	21,002	0	0	21,002
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(449,698)</u>	<u>(245,183)</u>	<u>0</u>	<u>718,383</u>	<u>23,502</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(150,687)	(140,379)	(421)	89,762	(201,725)
Fund Cash Balances, January 1, 2003	<u>2,265,147</u>	<u>370,056</u>	<u>29,447</u>	<u>223,020</u>	<u>2,887,670</u>
<b>Fund Cash Balances, December 31, 2003</b>	<u><b>\$2,114,460</b></u>	<u><b>\$229,677</b></u>	<u><b>\$29,026</b></u>	<u><b>\$312,782</b></u>	<u><b>\$2,685,945</b></u>
Reserves for Encumbrances, December 31, 2003	<u>\$22,392</u>	<u>\$63,697</u>	<u>\$0</u>	<u>\$116</u>	<u>\$86,205</u>

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

**VILLAGE OF GLENWILLOW  
CUYAHOGA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - THE FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<b>Fiduciary Fund Type</b>
	<b>Agency</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$51,761
Fines, Licenses, and Permits	71,528
Interest Earnings	2
Total Operating Cash Receipts	123,291
<b>Operating Cash Disbursements:</b>	
Contractual Services	31,996
Other	66,566
Total Operating Cash Disbursements	98,562
Operating Income/(Loss)	24,729
Fund Cash Balances, January 1, 2003	28,611
<b>Fund Cash Balances, December 31, 2003</b>	<b>\$53,340</b>
Reserve for Encumbrances, December 31, 2003	\$9,492

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



**VILLAGE OF GLENWILLOW  
CUYAHOGA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<b>Governmental Fund Types</b>				<b>Totals (Memorandum Only)</b>
	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>	
<b>Cash Receipts:</b>					
Property Tax and Other Local Taxes	\$88,404	\$2,001	\$0	\$0	\$90,405
Municipal Income Tax	1,149,552	0	0	0	1,149,552
Special Assessments	0	0	35,298	0	35,298
Intergovernmental Receipts	73,352	117,327	0	300,000	490,679
Charges for Services	200	29,110	0	50,936	80,246
Fines, Licenses, and Permits	161,593	5,815	0	0	167,408
Earnings on Investments	46,258	0	0	209	46,467
Miscellaneous	15,017	3,760	0	0	18,777
<b>Total Cash Receipts</b>	<b>1,534,376</b>	<b>158,013</b>	<b>35,298</b>	<b>351,145</b>	<b>2,078,832</b>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	297,996	151,677	0	0	449,673
Public Health Services	2,089	0	0	0	2,089
Leisure Time Activities	0	0	0	0	0
Community Environment	73,581	15,424	0	0	89,005
Basic Utility Services	0	475	0	0	475
Transportation	0	65,743	0	803,840	869,583
General Government	580,026	63,039	349	0	643,414
Debt Service:					
Principal Payments	0	0	15,000	1,750,000	1,765,000
Interest Payments	0	0	20,943	43,093	64,036
Capital Outlay	0	12,351	0	12,134	24,485
<b>Total Cash Disbursements</b>	<b>953,692</b>	<b>308,709</b>	<b>36,292</b>	<b>2,609,067</b>	<b>3,907,760</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>580,684</b>	<b>(150,696)</b>	<b>(994)</b>	<b>(2,257,922)</b>	<b>(1,828,928)</b>
<b>Other Financing Receipts and (Disbursements):</b>					
Sale of Bonds or Notes	0	0	0	1,350,000	1,350,000
Transfers-In	0	330,000	0	125,000	455,000
Transfers-Out	(405,000)	(50,000)	0	0	(455,000)
Other Financing Sources	0	626	0	918,031	918,657
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(405,000)</b>	<b>280,626</b>	<b>0</b>	<b>2,393,031</b>	<b>2,268,657</b>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	175,684	129,930	(994)	135,109	439,729
Fund Cash Balances, January 1	2,089,463	240,126	30,441	87,911	2,447,941
<b>Fund Cash Balances, December 31</b>	<b>\$2,265,147</b>	<b>\$370,056</b>	<b>\$29,447</b>	<b>\$223,020</b>	<b>\$2,887,670</b>
Reserves for Encumbrances, December 31	\$83,225	\$38,068	\$0	\$1,979	\$123,272

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

**VILLAGE OF GLENWILLOW  
CUYAHOGA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - THE FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<b>Fiduciary Fund Type</b>
	<b>Agency</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$39,455
Fines, Licenses, and Permits	54,874
Interest Earnings	2
	94,331
Total Operating Cash Receipts	94,331
<b>Operating Cash Disbursements:</b>	
Contractual Services	60,153
Other	55,421
	115,574
Total Operating Cash Disbursements	115,574
Operating Income/(Loss)	(21,243)
Fund Cash Balances, January 1, 2002	49,854
<b>Fund Cash Balances, December 31, 2002</b>	<b>\$28,611</b>
Reserve for Encumbrances, December 31, 2002	\$3

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

**VILLAGE OF GLENWILLOW  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Glenwillow, Cuyahoga County, Ohio, (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 and police services. Fire and ambulance services are contracted through the City of Solon and the Village of Oakwood.

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**

The Village invested in STAR Ohio (the State Treasurer's investment pool) which is valued at amounts reported by the State Treasurer.

**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 (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

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

**VILLAGE OF GLENWILLOW  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds (Continued)**

*Community Development Block Grant Fund* –This fund is used to account for grant revenues received from Cuyahoga County for the exterior maintenance grant and the Pettibone Streetscape Grant.

*COPS Grant Fund* –This fund receives federal grant money for hiring full-time police officers.

**3. Debt Service Funds**

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

*Bond Street Water Line Fund* –This fund receives proceeds from real estate tax assessments for bond payments.

*Bond Street Sewer Line Fund* –This fund receives proceeds from real estate tax assessments for bond payments.

**4. Capital Project Funds**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Village had the following significant capital project funds:

*Old Cochran-Pettibone Street Construction Fund* –This fund is used to account for the reconstruction of Old Cochran-Pettibone Streets. The Village is currently rebuilding and updating the roads.

*Sanitary Sewer Improvement Fund* – This fund is used to account for the proceeds of special assessment monies for sewer improvements within the Village.

**5. Agency Funds**

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

*Mayor's Court Fund* – This fund is used to account for the collection of fines, fees, and costs from the Village Mayor's Court. This fund was added to the Village's financial records via an adjusting entry made by the auditors and agreed to by the Village.

*Restricted Fund* – This fund is used to account for construction deposits and engineer's review and inspection fees.

**VILLAGE OF GLENWILLOW  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(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. The Village budgets all agency funds except those funds related to the Mayor's Court.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, object, or special cost center 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 2003 and 2002 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.

**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:

**VILLAGE OF GLENWILLOW  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)**

	2003	2002
Demand deposits	\$333,089	\$1,213,311
STAR Ohio	2,406,196	1,702,970
Total deposits and investments	\$2,739,285	\$2,916,281

**Deposits:** Deposits are either insured by the Federal Depository Insurance Corporation, or collateralized by the financial institution's public entity deposit pool.

**Investments:** Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**3. BUDGETARY ACTIVITY**

Budgetary activity (excluding activity related to the Mayor's Court) for the years ending December 31, 2003 and 2002 follows:

2003 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,820,558	\$1,626,790	(\$193,768)
Special Revenue	956,241	1,028,917	72,676
Debt Service	38,400	35,040	(3,360)
Capital Projects	843,150	826,290	(16,860)
Agency	50,350	56,988	6,638
Total	\$3,708,699	\$3,574,025	(\$134,674)

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,005,659	\$1,799,869	\$205,790
Special Revenue	1,281,594	1,232,993	48,601
Debt Service	35,570	35,461	109
Capital Projects	792,700	736,644	56,056
Agency	50,603	41,974	8,629
Total	\$4,166,126	\$3,846,941	\$319,185

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,470,800	\$1,534,376	\$63,576
Special Revenue	691,562	488,639	(202,923)
Debt Service	38,000	35,298	(2,702)
Capital Projects	1,878,157	2,744,176	866,019
Agency	88,800	39,786	(49,014)
Total	\$4,167,319	\$4,842,275	\$674,956

**VILLAGE OF GLENWILLOW  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,503,052	\$1,441,917	\$61,135
Special Revenue	423,016	396,777	26,239
Debt Service	36,298	36,292	6
Capital Projects	2,611,107	2,611,046	61
Agency	61,367	61,023	344
Total	\$4,634,840	\$4,547,055	\$87,785

Contrary to Ohio Revised Code Section 5705.39, the Village appropriated more funds than were estimated to be received in 2003 and 2002.

**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. LOCAL INCOME TAX**

The Village levies a municipal income tax of two 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.

**VILLAGE OF GLENWILLOW  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**6. DEBT**

Debt outstanding at December 31, 2003 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Water Line Special Assessment Bond	\$90,000	6.30%
Sanitary Sewer Special Assessment Bond	230,000	6.00%
Pettibone Road Notes	1,350,000	6.00%
Total	<u>\$1,670,000</u>	

The Waterline Special Assessment Bonds issued in 1996 relate to the installation of water lines for the Bond Street Improvements. The bond principal will be repaid in annual installments, ranging from \$5,000 to \$15,000, over 15 years, with corresponding interest payments being paid semi-annually.

The Sanitary Sewer Assessment Bonds issued in 2000 relate to the installation of sanitary sewer lines on Bond Street. The bond principal will be repaid in annual installments, ranging from \$5,000 to \$20,000, over 20 years with corresponding interest payments being paid semi-annually.

The Village issued two separate bond anticipation notes in 2002 in the amounts of \$750,000 and \$600,000 in 2002 for the purpose of improving Old Cochran and Pettibone Roads. The notes will be repaid in 2004.

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

Year	Water Line Special Assessment Bond	Sanitary Sewer Special Assessment Bond	Pettibone Road Notes	Total Bonds and Notes
2004	\$11,240	\$23,050	\$1,431,000	\$1,465,290
2005	15,905	22,550	0	38,455
2006	15,225	22,050	0	37,275
2007	14,540	21,525	0	36,065
2008	13,850	21,000	0	34,850
2009-2013	53,400	106,688	0	160,088
2014-2018	0	106,888	0	106,888
2019-2020	0	43,600	0	43,600
Total	<u>\$124,160</u>	<u>\$367,351</u>	<u>\$1,431,000</u>	<u>\$1,922,511</u>

**7. RETIREMENT SYSTEMS**

The Village's full-time law enforcement officers belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees belong to the Ohio Public Employees Retirement System (OPERS) of Ohio. OP&F and OPERS 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 2003 and 2002, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant wages. OPERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2003 and 2002. The Village has paid all contributions required through December 31, 2003.



**VILLAGE OF GLENWILLOW  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**8. RISK MANAGEMENT**

**Risk Pool Membership**

The Village belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 500 Ohio governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverage, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures with A- VII or better rated carriers, except for a 5% portion the Plan retains. With policies effective September 1, 2003 and after, The Plan pays the lesser of 5% or \$25,000 for casualty losses up to the coverage limit and the lesser of 5% or \$50,000 for property losses up to the coverage limit. The individual members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

The Pool's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31:

	<u>2003</u>	<u>2002</u>
Assets	\$5,402,167	\$5,584,592
Liabilities	<u>(1,871,123)</u>	<u>(2,441,793)</u>
Members' Equity	<u>\$3,531,044</u>	<u>\$3,142,799</u>

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

**9. Northeast Ohio Public Energy Council**

The Village is a member of the Northeast Ohio Public Energy Council (NOPEC). NOPEC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of electricity. NOPEC is currently comprised of over 100 communities who have been authorized by ballot to purchase electricity and natural gas at the lowest possible rates while at the same time insuring stability in prices by entering into long-term contracts with suppliers to provide electricity to the citizens of its member communities.

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each county then elect one person to serve on the eight-member NOPEC Board of Directors. The Board oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board. The Village did not contribute to NOPEC. Financial information can be obtained by contacting the Board Chairman at 1615 Clark Avenue, Cleveland, Ohio 44109.

**10. Subsequent Events**

The Village issued \$600,000 of Notes in August 2004 for the Bond Street storm sewer project.

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## **Auditor of State Betty Montgomery**

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

Village of Glenwillow  
Cuyahoga County  
29555 Pettibone Road  
Glenwillow, Ohio 44139

We have audited the financial statements of the Village of Glenwillow, Cuyahoga County, Ohio, (the Village) as of and for the years ended December 31, 2003 and December 31, 2002, and have issued our report thereon dated November 3, 2004, wherein we noted that the Village's financial transactions were processed using the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to conduct the audit of the Village because the Auditor of State designed, developed, and implemented, as requested operates UAN. 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 tested its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could directly and materially affect 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 an instance of noncompliance we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2003-001. We also noted certain immaterial instances of noncompliance that we have reported to the Village's management in a separate letter dated November 3, 2004.

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

In planning and performing our audit, we considered the Village's internal control over financial reporting 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 the Village's management in a separate letter dated November 3, 2004.

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This report is intended solely for the information and use of management, 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

November 3, 2004

**VILLAGE OF GLENWILLOW  
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2003 AND 2002**

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

**FINDING NUMBER 2003-001**

**Noncompliance Citation**

**Appropriations Exceeded Estimated Resources**

Ohio Revised Code Section 5705.39 provides, in part, that the total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure.

During our testing we noted the following funds had appropriations in excess of estimated resources at December 31, 2003 and December 31, 2002.

<u>Fund</u>	<u>Appropriations</u>	<u>Estimated Resources</u>	<u>Difference</u>
<b><u>December 31, 2003</u></b>			
<b>Special Revenue Fund:</b>			
COPS Grant Fund	\$137,627	\$135,462	(\$2,165)
<b>Agency Fund:</b>			
State Building Fee Fund	600	351	(249)
<b><u>December 31, 2002</u></b>			
<b>Capital Projects Funds:</b>			
Streetscape Fund	70,533	0	(70,533)
Old Cochran/Pettibone Road Fund	2,527,874	1,878,627	(649,247)

The above errors occurred because the Village did not amend its certificate of estimated resources prior to fiscal year end.

We recommend the Village monitor and/or amend their estimated resources when it amends its appropriations to ensure that appropriations do not exceed estimated resources. We also recommend the Village update its estimated resources prior to fiscal year end.

**VILLAGE OF GLENWILLOW  
CUYAHOGA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2003 AND 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
2001-001	ORC 5705.41(D) – The Village did not properly certify and encumber funds of 44 out of 60 expenditures prior to the receipt of goods or services	No	There were 11 errors in 90 expenditures tested, so the comment has been reissued in the management letter.
2001-002	ORC 5705.39 – The Village appropriated more funds than was available in the certificate of estimated resources for 2 funds.	No	Comment will be reissued as finding 2003-001



**Auditor of State  
Betty Montgomery**

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**VILLAGE OF GLENWILLOW**

**CUYAHOGA 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  
DECEMBER 16, 2004**