



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF GLORIA GLENS PARK
MEDINA COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Gloria Glens Park
Medina County
P.O. Box 457
Chippewa Lake, OH 44215

To the Village Council:

We have audited the accompanying financial statements of the Village of Gloria Glens Park, Medina County, Ohio, (the Village) as of and for the years ended December 31, 2000 and 1999. 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 audits.

We conducted our audits in accordance with generally accepted auditing standards 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described 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.

As discussed in Note 8 to the financial statements, the Village corrected an error from prior years by correctly including the Mayor's Court Agency Fund in the financial statements for the years ended December 31, 2000 and 1999.

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 Gloria Glens Park, Medina County, as of December 31, 2000 and 1999, 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 February 5, 2001, 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 Governmental Auditing Standards and should be read in conjunction with this report in considering the results of our audits.

Village of Gloria Glens Park
Medina County
Report of Independent Accountants
Page 2

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

Jim Petro
Auditor of State

February 5, 2001

VILLAGE OF GLORIA GLENS PARK
MEDINA COUNTY

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

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
Property Tax and Other Local Taxes	\$31,592	\$9,902	\$41,494
Intergovernmental	39,541	14,101	53,642
Fines, Licenses, and Permits	2,566		2,566
Interest	1,500	461	1,961
Miscellaneous	4,401		4,401
	79,600	24,464	104,064
Total Cash Receipts			
Cash Disbursements:			
Current:			
Security of Persons and Property	22,770	8,209	30,979
Public Health Services	1,840		1,840
Leisure Time Activities	1,996		1,996
Community Environment	2,190		2,190
Basic Utility Services	3,649		3,649
Transportation		15,575	15,575
General Government	44,291	156	44,447
	76,736	23,940	100,676
Total Cash Disbursements			
Total Cash Receipts Over Cash Disbursements	2,864	524	3,388
Fund Cash Balances, January 1	33,157	29,648	62,805
Fund Cash Balances, December 31	\$36,021	\$30,172	\$66,193
Reserves for Encumbrances, December 31	\$0	\$0	\$0

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

VILLAGE OF GLORIA GLENS PARK
MEDINA COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$32,276	\$10,126	\$42,402
Intergovernmental	30,414	20,141	50,555
Fines, Licenses, and Permits	3,009		3,009
Interest	1,128	589	1,717
Miscellaneous	821		821
	<u>67,648</u>	<u>30,856</u>	<u>98,504</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Security of Persons and Property	29,344	9,779	39,123
Public Health Services	17,480		17,480
Leisure Time Activities	1,755		1,755
Community Environment	2,232		2,232
Basic Utility Services	4,393		4,393
Transportation		11,521	11,521
General Government	32,692	166	32,858
Debt Service:			
Principal Payments		3,175	3,175
Interest Payments		30	30
	<u>87,896</u>	<u>24,671</u>	<u>112,567</u>
Total Cash Disbursements			
Total Cash Receipts			
Over/(Under) Cash Disbursements	(20,248)	6,185	(14,063)
Fund Cash Balances, January 1	<u>53,405</u>	<u>23,463</u>	<u>76,868</u>
Fund Cash Balances, December 31	<u>\$33,157</u>	<u>\$29,648</u>	<u>\$62,805</u>
Reserves for Encumbrances, December 31	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

**VILLAGE OF GLORIA GLENS PARK
MEDINA COUNTY**

**STATEMENTS OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - FIDUCIARY FUND TYPE
FOR THE YEARS ENDED DECEMBER 31, 2000 and 1999**

	2000	1999
	Agency Fund	Agency Fund
Operating Cash Receipts:		
Fines and Costs	\$0	\$3,694
Non-Operating Cash Disbursements:		
Other Non-Operating Cash Disbursements	1,694	2,854
Total Receipts Over Disbursements	(1,694)	840
Fund Cash Balance, January 1	3,660	2,820
Fund Cash Balance, December 31	\$1,966	\$3,660
Reserve for Encumbrances, December 31	\$0	\$0

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

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**VILLAGE OF GLORIA GLENS PARK
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Gloria Glens Park, Medina County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including road maintenance and park operations (leisure time activities). The Village contracts with the Medina County Sheriff's Office for police services and Westfield Center Township for fire protection.

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 maintains all cash in checking and savings accounts.

D. Fund Accounting

The Village uses fund accounting to segregate cash that is 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 by law or contract to be restricted.

**VILLAGE OF GLORIA GLENS PARK
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. Fund Accounting - (Continued)

2. Special Revenue Fund

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 has the following significant Special Revenue Funds:

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

Fire Levy Fund - This fund receives property tax receipts for the purpose of providing fire protection.

3. Fiduciary Fund (Agency Fund)

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

Mayor's Court Agency Fund - This fund is used to record activity for the Village Mayor's Court.

E. Budgetary Process

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

1. Appropriations

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

**VILLAGE OF GLORIA GLENS PARK
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

E. Budgetary Process - (Continued)

4. Non Compliance

- ! Contrary to Ohio Rev. Code Section 5705.41(D), the Village did not certify the availability of funds for expenditures during 2000 and 1999.
- ! Contrary to Ohio Rev. Code Section 5705.41(B), the Villages's expenditures exceeded appropriations in 2000 in the General Fund, Special Revenue - Street Construction and Repair Fund, and the Special Revenue Fire Levy Fund by \$10,509, \$13,325 and \$365, respectively. During 1999, the Village's expenditures exceeded appropriations in the General Fund, Special Revenue - Street Construction and Repair Fund, and the Special Revenue Fire Levy Fund by \$7,904, \$12,626 and \$1,945, respectively.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements. There were no purchases of capital assets during 2000 and 1999.

2. EQUITY IN POOLED CASH AND INVESTMENTS

The Village maintains a cash and investment 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:

	<u>2000</u>	<u>1999</u>
Demand deposits	\$ 49,786	\$ 57,031
Savings account	18,373	9,434
	\$ 68,159	\$ 66,465
Total deposits	\$ 68,159	\$ 66,465

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

**VILLAGE OF GLORIA GLENS PARK
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 61,080	\$ 79,600	\$ (18,520)
Special Revenue	<u>32,019</u>	<u>24,464</u>	<u>7,555</u>
Total	<u>\$ 93,099</u>	<u>\$ 104,064</u>	<u>\$ (10,965)</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 66,227	\$ 76,736	\$ (10,509)
Special Revenue	<u>10,250</u>	<u>23,940</u>	<u>(13,690)</u>
Total	<u>\$ 76,477</u>	<u>\$ 100,676</u>	<u>\$ (24,199)</u>

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 88,220	\$ 67,648	\$ 20,572
Special Revenue	<u>26,650</u>	<u>30,856</u>	<u>(4,206)</u>
Total	<u>\$ 114,870</u>	<u>\$ 98,504</u>	<u>\$ 16,366</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 79,992	\$ 87,896	\$ (7,904)
Special Revenue	<u>10,100</u>	<u>24,671</u>	<u>(14,571)</u>
Total	<u>\$ 90,092</u>	<u>\$ 112,567</u>	<u>\$ (22,475)</u>

**VILLAGE OF GLORIA GLENS PARK
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

4. PROPERTY TAX

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

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

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

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

5. DEBT

On January 1, 1999, the Village had an outstanding amount of \$3,175 on a note payable. This note was paid in full during 1999.

6. RETIREMENT SYSTEMS

The employees of the Village belong to the Public Employees Retirement System (PERS) of Ohio. PERS is cost-sharing, multiple-employer plan. This plan provides 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 2000 and 1999, PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 2000.

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions

8. CORRECTION OF AN ERROR

In the prior year, the Village's Mayor's Court Agency Fund was erroneously excluded from the Village's financial report. The beginning balance in this fund as of January 1, 1999 was \$2,820.

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

Village of Gloria Glens Park
Medina County
P.O. Box 457
Chippewa Lake, OH 44215

To the Village Council:

We have audited the accompanying financial statements of the Village of Gloria Glens Park, Medina County, Ohio, (the Village) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated February 5, 2001, in which we noted that the Village corrected a prior year error by correctly including the Mayor's Court Agency Fund in the financial statements. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2000-30952-001 and 2000-30952-002. We also noted other immaterial instances of non-compliance that we have reported to management in a separate letter dated February 5, 2001.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings as item 2000-30952-003.

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. 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 reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is a material weakness.

We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated February 5, 2001.

This report is intended for the information and use of management and Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

February 5, 2001

VILLAGE OF GLORIA GLENS PARK
MEDINA COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999

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

FINDING NUMBER 2000-30952-001

Non-compliance Citation

Ohio Rev. Code Section 5705.41 (D), requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

This section also provides for two exceptions to the above requirements:

1. Then and Now Certificates - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Village Council may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate.
2. If the amount involved is less than \$1,000, the Clerk/Treasurer may authorize payment through a Then and Now Certificate without affirmation of the Village Council, if such expenditure is otherwise valid.

During 2000 and 1999, 100% of the expenditures tested were not certified by the Clerk/Treasurer prior to incurring the obligation. It was also found that neither of the two exceptions described above were utilized for the items found to be in non-compliance. The Village should inform all Village employees of the requirements of Ohio Rev. Code Section 5705.41(D). The Village should implement the use of so called Then and Now certificates and Blanket Certificates which are additional permitted means to certify funds.

FINDING NUMBER 2000-30952-002

Non-compliance Citation

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

At December 31, 2000, total fund expenditures exceeded total fund appropriations within the following funds:

	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General Fund	\$66,227	\$76,736	\$10,509
Special Revenue Fund - Street Construction and Repair	2,250	15,575	13,325
Special Revenue Fund - Fire Levy Fund	8,000	8,365	365

At December 31, 1999, total fund expenditures exceeded total fund appropriations within the following funds:

	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General Fund	\$79,992	\$87,896	\$7,904
Special Revenue Fund - Street Construction and Repair	2,100	14,726	12,626
Special Revenue Fund - Fire Levy Fund	8,000	9,945	1,945

The Village Council should monitor appropriations and expenditures to ensure compliance with this requirement.

FINDING NUMBER 2000-30952-003

Material Weakness

Bank Reconciliations

A necessary step in the internal control over financial reporting is to prove both the balance of the bank and the balance of cash in the accounting records. A bank reconciliation means accounting for the differences between the balance on the bank statement(s) and the cash and investment balances according to the entity's records at a specific point in time. The Village did not reconcile the balance of the bank to the balance of the cash in the accounting records between January 1, 2000 and December 31, 2000.

Without complete and accurate monthly bank reconciliations, the Village's internal controls are significantly weakened, which could hinder the detection of errors or irregularities by the Village's management in a timely manner. In addition, the Village's management is not provided with timely fiscal information that is vital to the continued operations and decision making process of the Village. This could negatively impact management's ability to manage the Village's operations.

The Village should perform and complete monthly bank reconciliations in a timely manner. Also, a hard copy of each monthly bank reconciliation and the listing of outstanding checks should be filed in the bank activity folder along with the bank statements and supporting documents for the applicable month. All unreconciled differences should be resolved as quickly as possible so they are not carried forward from month-to-month.



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VILLAGE OF GLORIA GLENS PARK

MEDINA 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
MARCH 13, 2001**