



**VILLAGE OF GLENWILLOW  
CUYAHOGA COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2001 & 2000**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



VILLAGE OF GLENWILLOW  
CUYAHOGA COUNTY

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STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

Lausche Building  
615 Superior Avenue, NW.  
Twelfth Floor  
Cleveland, Ohio 44113-1801  
Telephone 216-787-3665  
800-626-2297  
Facsimile 216-787-3361  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

## REPORT OF INDEPENDENT ACCOUNTANTS

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, 2001 and December 31, 2000. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 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 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, 2001 and December 31, 2000, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 14, 2002 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

This report is intended solely for the information and use of management, 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.

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

**Jim Petro**  
Auditor of State

May 14, 2002

**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, 2001**

	<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	\$1,026,867	\$2,169	\$0	\$0	\$1,029,036
Special Assessments			34,353		34,353
Intergovernmental Receipts	24,745	154,379			179,124
Charges for Services	300			16,826	17,126
Fines, Licenses, and Permits	204,821	9,650			214,471
Earnings on Investments	75,261			11,391	86,652
Miscellaneous	12,782	34,391		200,088	247,261
<b>Total Cash Receipts</b>	<u>1,344,776</u>	<u>200,589</u>	<u>34,353</u>	<u>228,305</u>	<u>1,808,023</u>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	282,135	132,827			414,962
Public Health Services	4,295				4,295
Community Environment	62,608	879			63,487
Basic Utility Services		37			37
Transportation		74,266			74,266
General Government	515,260	53,307		9,939	578,506
Debt Service:					
Principal Payments			10,000		10,000
Interest Payments			25,718		25,718
Financing and Other Debt-Service Related			176		176
Capital Outlay		56,034		1,375,266	1,431,300
<b>Total Cash Disbursements</b>	<u>864,298</u>	<u>317,350</u>	<u>35,894</u>	<u>1,385,205</u>	<u>2,602,747</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>480,478</u>	<u>(116,761)</u>	<u>(1,541)</u>	<u>(1,156,900)</u>	<u>(794,724)</u>
<b>Other Financing Receipts and (Disbursements):</b>					
Sale of Notes				1,000,000	1,000,000
Transfers-In	31,787	176,000	20,000	196,344	424,131
Transfers-Out	(196,000)	(196,344)	0	(31,787)	(424,131)
Other Financing Sources		14,000			14,000
Sale of Fixed Assets	3,500				3,500
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(160,713)</u>	<u>(6,344)</u>	<u>20,000</u>	<u>1,164,557</u>	<u>1,017,500</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>319,765</u>	<u>(123,105)</u>	<u>18,459</u>	<u>7,657</u>	<u>222,776</u>
<b>Fund Cash Balances, January 1, 2001</b>	<u>1,769,698</u>	<u>363,231</u>	<u>11,982</u>	<u>80,254</u>	<u>2,225,165</u>
<b>Fund Cash Balances, December 31, 2001</b>	<u><b>\$2,089,463</b></u>	<u><b>\$240,126</b></u>	<u><b>\$30,441</b></u>	<u><b>\$87,911</b></u>	<u><b>\$2,447,941</b></u>
<b>Reserves for Encumbrances, December 31, 2001</b>	<u><b>\$35,563</b></u>	<u><b>\$30,000</b></u>	<u><b>\$0</b></u>	<u><b>\$15,198</b></u>	<u><b>\$80,761</b></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 BALANCE - FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2001

	<u>Agency Funds</u>
<b>Non-Operating Cash Receipts:</b>	
Other Non-Operating Receipts	<u>\$145,827</u>
Total Non-Operating Cash Receipts	<u>145,827</u>
<b>Non-Operating Cash Disbursements:</b>	
Other Non-Operating Cash Disbursements	<u>139,867</u>
Total Non-Operating Cash Disbursements	<u>139,867</u>
Net Receipts Over/(Under) Disbursements	5,960
Fund Cash Balances, January 1, 2001	<u>43,894</u>
<b>Fund Cash Balances, December 31, 2001</b>	<b><u><u>\$49,854</u></u></b>
Reserve for Encumbrances, December 31, 2001	<u><u>\$0</u></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 - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<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	\$1,053,931	\$2,087	\$0	\$0	\$1,056,018
Special Assessments			14,299	26,268	40,567
Intergovernmental Receipts	27,041	223,766		20,071	270,878
Charges for Services	11,490			2,267	13,757
Fines, Licenses, and Permits	179,145	10,635			189,780
Earnings on Investments	112,760				112,760
Miscellaneous	28,656	152,570		25	181,251
<b>Total Cash Receipts</b>	<b>1,413,023</b>	<b>389,058</b>	<b>14,299</b>	<b>48,631</b>	<b>1,865,011</b>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	227,882	70,618			298,500
Public Health Services	3,514				3,514
Community Environment	73,279				73,279
Basic Utility Services	946	219			1,165
Transportation		135,319			135,319
General Government	494,615	3,555			498,170
Debt Service:					
Principal Payments			5,000	325,000	330,000
Interest Payments			7,515	12,025	19,540
Financing and Other Debt-Service Related			140		140
Capital Outlay	11,155	2,460		26,555	40,170
<b>Total Cash Disbursements</b>	<b>811,391</b>	<b>212,171</b>	<b>12,655</b>	<b>363,580</b>	<b>1,399,797</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>601,632</b>	<b>176,887</b>	<b>1,644</b>	<b>(314,949)</b>	<b>465,214</b>
<b>Other Financing Receipts and (Disbursements):</b>					
Sale of Bonds or Notes				255,000	255,000
Transfers-In		250,000		105,000	355,000
Transfers-Out	(250,000)	(105,000)			(355,000)
Other Financing Sources				1,073	1,073
Other Financing Uses				(6,000)	(6,000)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(250,000)</b>	<b>145,000</b>	<b>0</b>	<b>355,073</b>	<b>250,073</b>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<b>351,632</b>	<b>321,887</b>	<b>1,644</b>	<b>40,124</b>	<b>715,287</b>
<b>Fund Cash Balances, January 1, 2000</b>	<b>1,418,066</b>	<b>41,344</b>	<b>10,338</b>	<b>40,130</b>	<b>1,509,878</b>
<b>Fund Cash Balances, December 31, 2000</b>	<b><u>\$1,769,698</u></b>	<b><u>\$363,231</u></b>	<b><u>\$11,982</u></b>	<b><u>\$80,254</u></b>	<b><u>\$2,225,165</u></b>
<b>Reserves for Encumbrances, December 31, 2000</b>	<b><u>\$33,147</u></b>	<b><u>\$1,812</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$34,959</u></b>

*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 BALANCE - FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2000

	<u>Agency Funds</u>
<b>Non-Operating Cash Receipts:</b>	
Other Non-Operating Receipts	<u>\$68,555</u>
Total Non-Operating Cash Receipts	<u>68,555</u>
<b>Non-Operating Cash Disbursements:</b>	
Other Non-Operating Cash Disbursements	<u>75,685</u>
Total Non-Operating Cash Disbursements	<u>75,685</u>
Net Receipts Over/(Under) Disbursements	(7,130)
Fund Cash Balances, January 1, 2000	<u>51,024</u>
<b>Fund Cash Balances, December 31, 2000</b>	<b><u><u>\$43,894</u></u></b>
Reserve for Encumbrances, December 31, 2000	<u><u>\$0</u></u>

*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, 2001 AND 2000**

**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 and Mayor. 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 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 gasoline and motor vehicle tax monies for constructing, maintaining and repairing Village streets.

Community Development Block Grant Fund - This fund is used to account for grant revenues received from Cuyahoga County for the re-routing of Cochran Road.

**VILLAGE OF GLENWILLOW  
CUYAHOGA COUNTY**

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

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

**D. Fund Accounting (Continued)**

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

Cops Grant Fund - This fund receives federal grant money for hiring police officers.

**3. Debt Service Fund**

This fund is used to accumulate resources for the payment of bonds and note indebtedness.

**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:

Water Line Construction Fund - This fund is used to account for funds received from the Ohio Public Works Commission which are utilized for water line construction within the Village.

Sewer Line Construction Fund - This fund is used to account for the portion of fees collected from the landfill operator within the Village which is utilized for the construction of sewer lines.

**5. Fiduciary Fund (Agency Fund)**

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

Performance Bond Account – This fund is used to account for construction deposits and engineer's inspection fees.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund 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 Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure.

**2. Estimated Resources**

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

**VILLAGE OF GLENWILLOW  
CUYAHOGA COUNTY**

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

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

**3. Encumbrances**

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

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

**F. Property, Plant and Equipment**

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

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

	2001	2000
Demand deposits	\$715,298	\$683,702
Total deposits	715,298	683,702
STAR Ohio	1,782,497	1,585,357
Total investments	1,782,497	1,585,357
Total deposits and investments	\$2,497,795	\$2,269,059

**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 for the years ended December 31, 2001 and 2000 follows:

	<u>2001 Budgeted vs. Actual Receipts</u>		
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$1,131,233	\$1,380,063	\$248,830
Special Revenue	612,905	390,589	(222,316)
Debt Service	38,000	54,353	16,353
Capital Projects	2,217,501	1,424,649	(792,852)
Total	\$3,999,639	\$3,249,654	

**VILLAGE OF GLENWILLOW  
CUYAHOGA COUNTY**

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

**3. BUDGETARY ACTIVITY (Continued)**

2001 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$1,323,644	\$1,095,861	\$227,783
Special Revenue	870,402	543,694	326,708
Debt Service	37,180	35,894	1,286
Capital Projects	<u>2,246,739</u>	<u>1,432,190</u>	<u>814,549</u>
Total	<u>\$4,477,965</u>	<u>\$3,107,639</u>	<u>\$1,370,326</u>

2000 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$1,241,797	\$1,413,023	\$171,226
Special Revenue	414,500	639,058	224,558
Debt Service	13,000	14,299	1,299
Capital Projects	<u>55,000</u>	<u>409,704</u>	<u>354,704</u>
Total	<u>\$1,724,297</u>	<u>\$2,476,084</u>	<u>\$751,787</u>

Contrary to Ohio Revised Code Section 5705.39, budgetary appropriations exceeded the Certificate of Estimated Resources in the Special Revenue - CDBG fund by \$28,750 and in the Capital Projects Fund - Sanitary Sewer Fund by \$307,325 for the year ended December 31, 2000.

2000 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$1,247,656	\$1,094,538	\$153,118
Special Revenue	420,925	318,983	101,942
Debt Service	17,415	12,655	4,760
Capital Projects	<u>379,150</u>	<u>369,580</u>	<u>9,570</u>
Total	<u>\$2,065,146</u>	<u>\$1,795,756</u>	<u>\$269,390</u>

**VILLAGE OF GLENWILLOW  
CUYAHOGA COUNTY**

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

**3. BUDGETARY ACTIVITY (Continued)**

Contrary to Ohio Revised Code Section 5704.41(D), the Village did not consistently certify the availability of funds for expenditure transactions throughout the audit period.

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the 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 payment, 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 with 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 monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**6. DEBT**

Debt outstanding at December 31, 2001 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Waterline Special Assess. Bond	\$100,000	6.30%
Sanitary Sewer Special Assess. Bond	250,000	6.00%
Pettibone Road Note	1,000,000	3.40%
Total	<u>\$1,350,000</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 semiannually.

**VILLAGE OF GLENWILLOW  
CUYAHOGA COUNTY**

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

**6. DEBT (Continued)**

The Sanitary Sewer Special 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 annually.

The Pettibone Road Note issued in 2001 relates to improving Old Cochran and Pettibone Roads. The note will be repaid in 2002, for \$1,034,000, including interest.

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

	Water Line Bond	Sanitary Sewer Special Assess. Bond	Pettibone Road Note	Total Bonds & Notes
Year ending December 31:				
2002	\$11,893	\$24,050	\$1,034,000	\$1,069,943
2003	11,570	23,550	0	35,120
2004	11,240	23,050	0	34,290
2005	15,905	22,550	0	38,455
2006	15,225	22,050	0	37,275
2007-2011	65,740	102,375	0	168,115
2012-2016	16,050	110,625	0	126,675
2017-2020	0	86,700	0	86,700
Total	<u>\$147,623</u>	<u>\$414,950</u>	<u>\$1,034,000</u>	<u>\$1,596,573</u>

**7. RETIREMENT SYSTEMS**

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participants' wages. PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Village has paid all contributions required through December 31, 2001.

**8. RISK POOL MEMBERSHIP**

The Village belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association with over 600 governmental entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services.

**VILLAGE OF GLENWILLOW  
CUYAHOGA COUNTY**

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

**8. RISK POOL MEMBERSHIP (Continued)**

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed 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 coverages, 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 uses conventional insurance coverages and reinsures these coverages 100%, rather than using a risk pool of member funds to pay individual and collective losses. Therefore, the individual members are only responsible for their self-retention (deductible) amounts which vary from member to member.

**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 92 communities who have been authorized by ballot to purchase electricity on behalf of their citizens. The intent of NOPEC is to provide 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 and natural gas 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 Dan DiLiberto, Treasurer, 35150 Lakeshore Boulevard, Eastlake, Ohio 44095.

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**STATE OF OHIO  
OFFICE OF THE AUDITOR**

**JIM PETRO, AUDITOR OF STATE**

Lausche Building  
615 Superior Avenue, NW.  
Twelfth Floor  
Cleveland, Ohio 44113-1801  
Telephone 216-787-3665  
800-626-2297  
Facsimile 216-787-3361  
www.auditor.state.oh.us

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

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, 2001 and December 31, 2000, and have issued our report thereon dated May 14, 2002. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our 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 2001-30818-001 and 2001-30818-002. We also noted other immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated May 14, 2002.

**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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated May 14, 2002.

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

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

**Jim Petro**  
Auditor of State

May 14, 2002

**VILLAGE OF GLENWILLOW  
CUYAHOGA COUNTY**

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

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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<b>Finding Number</b>	<b>2001-30818-001</b>
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Ohio Rev. Code Section 5705.41(D) states that no subdivision or taxing authority shall make an expenditure of money unless the funds have been properly appropriated. Also, no order or contract involving the expenditure of money shall be made unless there is attached thereto a certificate of the fiscal officer that the amount required to meet such commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of the appropriate fund free from any previous encumbrances. The Village did not certify the availability of funds as required. In 2001, 23 out of 36 expenditures tested, and in 2000, 21 out of 24 expenditures tested, were not properly encumbered.

We recommend that the Village strengthen its controls over expenditures and prepare and approve all purchase orders prior to purchasing goods and services. Also, the Village should include specific language in all purchase orders addressing the certification of funds.

<b>Finding Number</b>	<b>2001-30818-002</b>
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Ohio Rev. Code Section 5705.39 states that total appropriations should not exceed total estimated revenue. As of December 31, 2000, the following funds had total appropriations in excess of total estimated revenue:

<u>Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Excess of Appropriations</u>
Special Revenue CDBG	\$100,000	\$128,750	(\$28,750)
Capital Projects Sanitary Sewer	\$60,000	\$367,325	(\$307,325)

We recommend the Village not appropriate in excess of its estimated revenues and make adjustments, as appropriate to the certificate and/or the appropriations throughout the year to ensure compliance with the above requirement.

**VILLAGE OF GLENWILLOW  
CUYAHOGA COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1999-30818-001	Total Expenditures exceeding Total Appropriations	Yes	
1999-30818-002	Certifying the availability of funds for encumbrances	No	Reissued as 2001-30818-01
1999-30818-003	Appropriations exceeding total estimated resources	No	Reissued as 2001-30818-02



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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

**VILLAGE OF 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  
JULY 9, 2002**