



**Mary Taylor, CPA**  
Auditor of State



VILLAGE OF GLENWILLOW  
CUYAHOGA COUNTY

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Mary Taylor, CPA  
Auditor of State

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

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

*Mary Taylor*

**Mary Taylor, CPA**  
Auditor of State

September 24, 2008

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# Mary Taylor, CPA

Auditor of State

## 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 year ended December 31, 2007. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 processes its financial transactions with 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 audit 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2007 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2007, or its changes in financial position for the year then ended.

Also, 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, 2007, and its combined cash receipts and disbursements for the year then ended on the accounting basis Note 1 describes.

The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2008, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



**Mary Taylor, CPA**  
Auditor of State

September 24, 2008



**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, 2007**

	<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 and Local Taxes	\$149,718	\$6,050	\$0	\$0	\$155,768
Municipal Income Tax	1,163,745	110,754	132,115	81,249	1,487,863
Intergovernmental	39,155	69,249	0	351,729	460,133
Special Assessments	0	0	86,852	0	86,852
Charges for Services	7,800	0	0	45,849	53,649
Fines, Licenses and Permits	297,491	22,825	0	0	320,316
Earnings on Investments	110,159	21	0	0	110,180
Miscellaneous	7,631	22,909	0	1,010,000	1,040,540
<b>Total Cash Receipts</b>	<u>1,775,699</u>	<u>231,808</u>	<u>218,967</u>	<u>1,488,827</u>	<u>3,715,301</u>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	812,589	460	0	0	813,049
Public Health Services	10,821	0	0	0	10,821
Leisure Time Activities	0	4,303	0	0	4,303
Community Environment	192,560	476	0	0	193,036
Basic Utility Service	0	942	0	0	942
Transportation	0	206,967	0	218,377	425,344
General Government	939,674	32,262	885	0	972,821
Debt Service:					
Redemption of Principal	0	0	85,000	75,000	160,000
Interest and Fiscal Charges	0	0	139,116	6,607	145,723
Capital Outlay	0	2,385	0	612,360	614,745
<b>Total Cash Disbursements</b>	<u>1,955,644</u>	<u>247,795</u>	<u>225,001</u>	<u>912,344</u>	<u>3,340,784</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>(179,945)</u>	<u>(15,987)</u>	<u>(6,034)</u>	<u>576,483</u>	<u>374,517</u>
<b>Other Financing Receipts / (Disbursements):</b>					
Proceeds from Sale of Public Debt:					
Sale of Notes	0	0	0	400,000	400,000
Transfers-In	0	25,000	10,000	25,000	60,000
Transfers-Out	(60,000)	0	0	0	(60,000)
Advances-In	150,000	0	0	90,000	240,000
Advances-Out	(90,000)	0	0	(150,000)	(240,000)
Other Financing Uses	(253)	0	0	0	(253)
<b>Total Other Financing Receipts / (Disbursements)</b>	<u>(253)</u>	<u>25,000</u>	<u>10,000</u>	<u>365,000</u>	<u>399,747</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>(180,198)</u>	<u>9,013</u>	<u>3,966</u>	<u>941,483</u>	<u>774,264</u>
<b>Fund Cash Balances, January 1</b>	<u>1,219,422</u>	<u>168,068</u>	<u>183,834</u>	<u>611,825</u>	<u>2,183,149</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$1,039,224</b></u>	<u><b>\$177,081</b></u>	<u><b>\$187,800</b></u>	<u><b>\$1,553,308</b></u>	<u><b>\$2,957,413</b></u>
<b>Reserve for Encumbrances, December 31</b>	<u><b>\$26,086</b></u>	<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>\$813,752</b></u>	<u><b>\$839,838</b></u>

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

**VILLAGE OF GLENWILLOW  
CUYAHOGA COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - THE FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<b>Fiduciary Fund Types</b>
	<b>Agency</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$146,512
Fines, Licenses and Permits	90,175
Total Operating Cash Receipts	236,687
<b>Operating Cash Disbursements:</b>	
Contractual Services	107,860
Other	157,003
Total Operating Cash Disbursements	264,863
Operating Income/(Loss)	(28,176)
Fund Cash Balances, January 1	149,609
<b>Fund Cash Balances, December 31</b>	<b>\$121,433</b>

*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, 2007**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Glenwillow, Cuyahoga County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides general governmental and police services. The Village contracts with the City of Solon and the Village of Oakwood to receive fire protection and ambulance services.

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 accounting basis the Auditor of State prescribes or permits. 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 Auditor of State prescribes or permits.

**C. Cash and Investments**

The Village's accounting basis includes investments as assets. This basis does not report 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.

Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

**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 reports all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Fund:

*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, 2007  
(Continued)**

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

**D. Fund Accounting (Continued)**

**3. Debt Service Funds**

These funds are used for resources the Village accumulate to pay bond and note debt. The Village had the following significant Debt Service Funds:

*Bond Street Storm Sewer and Street Special Assessment Fund* – This fund receives proceeds from real estate tax special assessments for bond payments.

*Land Debt Service Fund* – This fund receives income tax monies which are used to retire the bonds issued to acquire land.

**4. Capital Project Funds**

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Village had the following significant Capital Project Funds:

*Streetscape Fund* – This fund receives Community Development funds which are used for the Pettibone Road South Side Streetscape project.

*Diamond Center Park Road Construction Fund* – This fund receives money from a developer and grants to construct the Diamond Business Park Subdivision.

**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's Mayor's Court.

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

**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 and 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. Unencumbered appropriations lapse at year end.

VILLAGE OF GLENWILLOW  
CUYAHOGA COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007  
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

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 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 2007 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. 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.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2007
Demand deposits	<u>\$215,298</u>
Investment - STAR Ohio	<u>2,863,548</u>
Total deposits and investments	<u><u>\$3,078,846</u></u>

**Deposits:** Deposits are 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.

**VILLAGE OF GLENWILLOW  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity (excluding activity related to the Mayor's Court) for the year ending December 31, 2007 follows:

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,315,990	\$1,925,699	(\$390,291)
Special Revenue	339,802	256,808	(82,994)
Debt Service	285,000	228,967	(56,033)
Capital Projects	3,189,866	2,003,827	(1,186,039)
Agency	273,600	148,788	(124,812)
Total	\$6,404,258	\$4,564,089	(\$1,840,169)

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,229,229	\$2,041,983	\$187,246
Special Revenue	379,100	247,795	131,305
Debt Service	225,465	225,001	464
Capital Projects	3,096,429	1,726,096	1,370,333
Agency	298,500	180,554	117,946
Total	\$6,228,723	\$4,421,429	\$1,807,294

**4. 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.

**5. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback 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.

**VILLAGE OF GLENWILLOW  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007  
(Continued)**

**5. PROPERTY TAX (Continued)**

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.

**6. DEBT**

Debt outstanding at December 31, 2007 was as follows:

	Principal	Interest Rate
Water Line Special Assessment Bond	\$55,000	6.90 - 7.00%
Sanitary Sewer Special Assessment Bond	190,000	5.25 - 6.00%
Land Acquisition Bond	1,365,000	4.375 - 5.875%
Recreation Facilities Improvement Note	400,000	4.15%
Street Improvement Special Assessment Bond	755,000	4.00 - 5.00%
Total	\$2,765,000	

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 \$10,000 to \$20,000, over 20 years with corresponding interest payments being paid semi-annually.

The Land Acquisition Bond was issued in 2004 for the acquisition of land. The bond principal will be repaid in annual installments, ranging from \$40,000 to \$115,000, over 20 years with corresponding interest payments being paid semi-annually.

The Recreational Facilities Improvement Note was issued in 2007 and relates to the Pettibone Road Multi-Purpose Trail project and matures in one year.

The Street Improvement Special Assessment Bond issued in 2006 to relate to improving Bond Street and Pettibone Road. The bond principal will be repaid in annual installments, ranging from \$15,000 to \$60,000, over 20 years with corresponding interest payments being paid semi-annually.

**VILLAGE OF GLENWILLOW  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007  
(Continued)**

**6. DEBT (Continued)**

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

Year	Water Line Special Assessment Bond	Sanitary Sewer Special Assessment Bond	Land Acquisition Bond	Street Impr Special Assessment Bond	Total
2008	\$13,850	\$21,000	\$123,519	\$60,510	\$218,879
2009	13,150	20,475	126,331	59,510	219,466
2010	12,450	19,950	123,925	63,510	219,835
2011	11,750	19,425	126,519	62,310	220,004
2012	16,050	23,850	123,894	61,110	224,904
2013-2017		106,275	659,212	310,190	1,075,677
2018-2022		67,200	621,869	309,250	998,319
2023-2026			244,975	248,250	493,225
Total	<u>\$67,250</u>	<u>\$278,175</u>	<u>\$2,150,244</u>	<u>\$1,174,640</u>	<u>\$3,670,309</u>

**7. RETIREMENT SYSTEMS**

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

The Ohio Revised Code also prescribes contribution rates. For 2007, OPERS members contributed 9.5%, of their gross salaries and the Village contributed an amount equaling 13.85%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2007.

**8. 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 550 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's, 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 the Plan with A- VII or better rated carriers, except the Plan retains the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,000 of property losses. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.



**VILLAGE OF GLENWILLOW  
CUYAHOGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007  
(Continued)**

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

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2007:

	<b><u>2007</u></b>
Assets	\$11,136,455
Liabilities	<u>(4,275,553)</u>
Members' Equity	<u>\$6,860,902</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.

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# Mary Taylor, CPA

Auditor of State

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

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

To Members of the Village Council

We have audited the financial statements of the Village of Glenwillow, Cuyahoga County, Ohio, (the Village) as of and for the year ended December 31, 2007, and have issued our report thereon dated September 24, 2008, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted the Village uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Village. 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 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 the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

### **Internal Control Over Financial Reporting (Continued)**

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2007-001 and 2007-002.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Village's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, of the significant deficiencies described above, we believe findings number 2007-001 and 2007-002 are also material weaknesses.

We also noted certain internal control matters that we reported to the Village's management in a separate letter dated September 24, 2008.

### **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, providing an opinion 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*.

We did note certain noncompliance or other matters that we reported to the Village's management in a separate letter dated September 24, 2008.

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Village's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of the management and Village Council. We intend it for no one other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

September 24, 2008

**VILLAGE OF GLENWILLOW  
CUYAHOGA COUNTY  
SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2007**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2007-001**

**Material Weakness - Reporting Mayor's Court Activity in an Agency Fund in the Village's Financial Statements**

The Village operates a Mayor's Court and all activity related to Court operations are recorded by Court personnel in ledgers that are separate from the Village's general ledger. This activity; receipts, disbursements, and fund balance are not reported in the Village's general ledger and financial statements. The only activity recorded in the Village's general ledger is their distribution of the fines collected each month. As a result, receipts (\$87,874), disbursements (\$84,309) and ending fund balance (\$8,329) were not reported in an Agency Fund in the Village's general ledger and financial statements. The accompanying financial statements have been adjusted to include all Court activity in an Agency Fund.

We recommend that all receipts, disbursements, and fund balances from Mayor's Court activity be reported in an Agency Fund in the Village's financial statements.

**Village's Response**

We will include Mayor's Court activity in our Agency fund in the future.

**FINDING NUMBER 2007-002**

**Material Weakness – Reclassifying Community Development Block Grant monies from the Special Revenue Fund Type to the Capital Project Fund Type**

During 2007, the Village administered two projects which were partially financed with Community Development Block Grant (CDBG) monies. Initially, the expenditure was financed with Village funds and a request for reimbursement was submitted to the county. When the CDBG reimbursements were received they were receipted in the Community Development Block Grant Fund – Special Revenue Fund Type and transferred to the applicable Capital Projects Fund Type funds. However, transfers of this nature are not permissible pursuant to the Ohio Revised Code Sections 5705.14, 15 and 16. As a result, intergovernmental receipts of \$351,729 were reclassified from the Community Development Block Grant Fund – Special Revenue Fund Type to various Capital Projects funds and the transfers were eliminated in the accompanying financial statements.

We recommend that all CDBG monies be recorded in the fund which is providing the up front financing until the CDBG reimbursement is received. The Village should also refer to the Ohio Compliance Supplement and Village Officer's Handbook for accounting and compliance guidance relating to grants and transfers.

**Village's Response**

We thought we were required to record all CDBG monies in our CDBG fund and then transfer the funds to the capital projects funds. We will correct this in the future.

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**VILLAGE OF GLENWILLOW  
CUYAHOGA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2007**

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>
2006-001	A test of 90 expenditures disclosed 22 were not certified by the fiscal officer prior to entering into an obligation contrary to Ohio Revised Code § 5705.41(D).	No	Partially corrected and reported in the 2007 management letter as only 2 of the 60 expenditures tested were not certified by the fiscal officer as required.







**Mary Taylor, CPA**  
Auditor of State

**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  
OCTOBER 16, 2008**