



Dave Yost • Auditor of State

VILLAGE OF GLENMONT
HOLMES COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements And Changes in Fund Cash Balances (Cash Basis) All Governmental Fund Types - For the Year Ended December 31, 2011	5
Statement of Cash Receipts, Cash Disbursements And Changes in Fund Cash Balances (Cash Basis) Water Fund- For the Year Ended December 31, 2011	6
Combined Statement of Cash Receipts, Cash Disbursements And Changes in Fund Cash Balances (Cash Basis) All Governmental Fund Types - For the Year Ended December 31, 2010	7
Statement of Cash Receipts, Cash Disbursements And Changes in Fund Cash Balances (Cash Basis) Water Fund- For the Year Ended December 31, 2010	8
Notes to the Financial Statements	9
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	17
Schedule of Findings.....	19

This page intentionally left blank.



Dave Yost • Auditor of State

Village of Glenmont
Holmes County
PO Box 476
Glenmont, Ohio 44628

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.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

September 17, 2012

This page intentionally left blank.



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of Glenmont
Holmes County
PO Box 476
Glenmont, Ohio 44628

To the Village Council:

We have audited the accompanying financial statements of the Village of Glenmont, Holmes County, Ohio, (the Village) as of and for the years ended December 31, 2011 and 2010. 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. 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 years ended December 31, 2011 and 2010 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, 2011 and 2010, or its changes in financial position or cash flows, where applicable for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances as of December 31, 2011 and 2010 of the Village of Glenmont, Holmes County, Ohio, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 1, during 2011 the Village of Glenmont, Holmes County, Ohio adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2012, 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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

September 17, 2012

**VILLAGE OF GLENMONT
HOLMES COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$2,373		\$2,373
Intergovernmental	27,740	\$12,189	39,929
Earnings on Investments	585	476	1,061
Royalties	7,875		7,875
Rent	3,000		3,000
Contributions	275		275
Miscellaneous	506		506
<i>Total Cash Receipts</i>	<u>42,354</u>	<u>12,665</u>	<u>55,019</u>
Cash Disbursements			
Current:			
Security of Persons and Property	30,346		30,346
Basic Utility Services	900		900
Transportation		25,551	25,551
General Government	22,542		22,542
<i>Total Cash Disbursements</i>	<u>53,788</u>	<u>25,551</u>	<u>79,339</u>
<i>Deficiency of Receipts Under Disbursements</i>	<u>(11,434)</u>	<u>(12,886)</u>	<u>(24,320)</u>
<i>Fund Cash Balances, January 1</i>	<u>49,898</u>	<u>95,917</u>	<u>145,815</u>
Fund Cash Balances, December 31			
Restricted		83,031	83,031
Assigned	18,689		18,689
Unassigned	19,775		19,775
<i>Fund Cash Balances, December 31</i>	<u>\$38,464</u>	<u>\$83,031</u>	<u>\$121,495</u>

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

VILLAGE OF GLENMONT
HOLMES COUNTY

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
WATER FUND
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Water Fund</u>
Operating Cash Receipts	
Charges for Services	<u>\$23,101</u>
<i>Total Operating Cash Receipts</i>	<u>23,101</u>
Operating Cash Disbursements	
Personal Services	4,601
Employee Fringe Benefits	306
Contractual Services	8,611
Supplies and Materials	<u>1,767</u>
<i>Total Operating Cash Disbursements</i>	<u>15,285</u>
<i>Operating Income</i>	<u>7,816</u>
<i>Fund Cash Balances, January 1</i>	<u>42,608</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$50,424</u></u>

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

**VILLAGE OF GLENMONT
HOLMES COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Local Taxes	\$2,847		\$2,847
Intergovernmental	27,383	\$12,982	40,365
Fines, Licenses and Permits	347		347
Earnings on Investments	969	605	1,574
Royalties	1,020		1,020
Rent	3,000		3,000
Contributions	441		441
Miscellaneous	7		7
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	36,014	13,587	49,601
Cash Disbursements:			
Current:			
Security of Persons and Property	26,507		26,507
Public Health Services	313		313
Basic Utility Service	1,436		1,436
Transportation	503	4,080	4,583
General Government	31,322		31,322
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	60,081	4,080	64,161
Total Receipts Over/(Under) Disbursements	<hr/> (24,067)	<hr/> 9,507	<hr/> (14,560)
Other Financing Receipts / (Disbursements):			
Other Financing Sources	2,172		2,172
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts	2,172	0	2,172
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(21,895)	9,507	(12,388)
Fund Cash Balances, January 1	<hr/> 71,793	<hr/> 86,410	<hr/> 158,203
Fund Cash Balances, December 31	<hr/> \$49,898	<hr/> \$95,917	<hr/> \$145,815

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

VILLAGE OF GLENMONT
HOLMES COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN FUND CASH BALANCES - WATER FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Water Fund</u>
Operating Cash Receipts:	
Charges for Services	<u>\$17,792</u>
Total Operating Cash Receipts	<u>17,792</u>
Operating Cash Disbursements:	
Personal Services	4,362
Employee Fringe Benefits	612
Contractual Services	9,210
Supplies and Materials	<u>6,023</u>
Total Operating Cash Disbursements	<u>20,207</u>
Operating (Loss)	<u>(2,415)</u>
Fund Cash Balances, January 1	<u>45,023</u>
Fund Cash Balances, December 31	<u><u>\$42,608</u></u>

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

**VILLAGE OF GLENMONT
HOLMES COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010**

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 Glenmont, Holmes County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water utilities, road maintenance, and police services.

The Village participates in the Public Entities Pool of Ohio public entity risk pool. Note 6 to the financial statements provides additional information for this entity.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

B. Accounting Basis

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. Deposits and Investments

All deposits are maintained in certificate of deposits and an interest bearing checking accounts

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.

**VILLAGE OF GLENMONT
HOLMES COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

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 Funds:

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

State Highway Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

3. Enterprise Funds

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

Water Fund - This fund receives charges for services from residents to cover water service costs.

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. Appropriations lapse at year end.

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 GLENMONT
HOLMES COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)

1. Summary of Significant Accounting Policies (Continued)

E. Budgetary Process (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. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Village did not encumber all commitments required by Ohio law.

A summary of 2011 and 2010 budgetary activity appears in Note 3.

F. Fund Balance

For December 31, 2011, fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

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

2. Restricted

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

3. Committed

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

4. Assigned

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

**VILLAGE OF GLENMONT
HOLMES COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

F. Fund Balance (Continued)

5. Unassigned

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

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

G. 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.

2. Equity in Pooled Deposits and Investments

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

	2011	2010
Demand deposits	\$38,395	\$57,600
Certificates of deposit	133,524	130,823
Total deposits	\$171,919	\$188,423

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

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2011 2010 follows:

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$46,000	\$42,354	(\$3,646)
Special Revenue	40,000	12,665	(27,335)
Enterprise	41,400	23,101	(18,299)
Total	\$127,400	\$78,120	(\$49,280)

**VILLAGE OF GLENMONT
HOLMES COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

3. Budgetary Activity (Continued)

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General		\$53,788	(\$53,788)
Special Revenue		25,551	(25,551)
Enterprise		15,285	(15,285)
Total	\$0	\$94,624	(\$94,624)

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General		\$38,186	\$38,186
Special Revenue		13,587	13,587
Enterprise		17,792	17,792
Total	\$0	\$69,565	\$69,565

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General		\$60,081	(\$60,081)
Special Revenue		4,080	(4,080)
Enterprise		20,207	(20,207)
Total	\$0	\$84,368	(\$84,368)

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General Fund, Special Revenue Funds and Water Fund by \$53,788, \$25,551 and \$15,285 for the year ended December 31, 2011, respectively. Budgetary expenditures exceeded appropriation authority in the General Fund, Special Revenue Funds and Water Fund by \$60,081, \$4,080 and \$20,207 for the year ended December 31, 2010, respectively. Additionally, contrary to Ohio law, an Amended Certificate of Estimated Resources was not executed during the year ended December 31, 2010.

**VILLAGE OF GLENMONT
HOLMES COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

4. Property Tax

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

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. Retirement Systems

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

The Ohio Revised Code also prescribes contribution rates. For 2010 and 2011, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2011.

6. Risk Management

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Vehicles

**VILLAGE OF GLENMONT
HOLMES COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

6. Risk Management (Continued)

Risk Pool Membership

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

The Village insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2010, PEP retained \$350,000 for casualty claims and \$150,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2011 and 2010 (the latest information available):

	<u>2011</u>	<u>2010</u>
Assets	\$33,362,404	\$34,952,010
Liabilities	<u>(14,187,273)</u>	<u>(14,320,812)</u>
Net Assets	<u>\$19,175,131</u>	<u>\$20,631,198</u>

At December 31, 2011 and 2010, respectively, the liabilities above include approximately \$13 million and \$12.9 million of estimated incurred claims payable. The assets above also include approximately \$12.1 million and \$12.4 million of unpaid claims to be billed to approximately 455 member governments in the future, as of December 31, 2011 and 2010, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2011, the District's share of these unpaid claims collectible in future years is approximately \$2,466.

VILLAGE OF GLENMONT
HOLMES COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)

6. Risk Management (Continued)

Risk Pool Membership

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u>Contributions to PEP</u>	
<u>2011</u>	<u>2010</u>
\$2,680	\$2,975

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.



Dave Yost • 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 Glenmont
Holmes County
PO Box 476
Glenmont, Ohio 44628

To the Village Council:

We have audited the financial statements of the Village of Glenmont, Holmes County, Ohio (the Village) as of and for the years ended December 31, 2011 and December 31, 2010, and have issued our report thereon dated September 17, 2012 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 that the Village implemented Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. 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 the purpose of expressing our opinions on the financial statements, but not for the purpose of opining 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying Schedule of Findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider findings 2011-004 through 2011-006 described in the accompanying Schedule of Findings to be material weaknesses.

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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2011-001 through 2011-003.

We did note certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated September 17, 2012.

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

September 17, 2012

**VILLAGE OF GLENMONT
HOLMES COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2011 AND 2010**

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

1. Ohio Rev. Code 5705.41(D)

<i>Finding Number</i>	2011-001
-----------------------	----------

NONCOMPLIANCE

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.

There are several exceptions to the standard requirement stated above that a Fiscal Officer’s certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: “then and now” certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. “Then and Now” Certificate – If the Fiscal Officer can certify that both at the time that the contract or order was made (“then”), and at the time that the Fiscal Officer is completing the certification (“now”), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for the payment of the amount due. The Village has thirty days from the receipt of the “then and now” certificate to approve payment by ordinance or resolution. Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the “then and now” certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village.

2. Blanket Certificate – Fiscal Officers may prepare “blanket” certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

3. Super Blanket Certificate – The Village may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

<i>Finding Number</i>	2011-001 (Continued)
-----------------------	----------------------

During 2011 and 2010, the Fiscal Officer did not sign 35 of the Village's purchase orders out of the 35 tested. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balance. The Fiscal Officer should try to issue purchase orders before entering into the purchase commitment and only use then and now certificates when necessary.

Also, a \$200 expenditure which was made payable to a Councilman in 2011 had not been approved in the minutes. Although Council Members signed the voucher packet, no supporting documentation was attached to the voucher sheet to prove that the expenditure was a donation to the Village Car Show. Not documenting expenditures could result in the misuse of Village monies.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursement and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, we recommend that the Fiscal Officer certify that the funds are or will be available prior to obligation by the Village. When prior certification is not possible, "then and now" certification should be used.

The Fiscal Officer should certify purchases to which section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41 (D) requires to authorize disbursements. The Fiscal Officer should also sign the certification prior to the Village incurring a commitment, and only when the requirements of 5705.41(D) are satisfied. Also, donation type expenditures should be approved by Council and documented in the minutes. Additionally, the Fiscal Officer should attach all supporting documentation to the voucher package to assist in determining if the expenditure was for a proper public purpose.

2. Ohio Rev. Code 5705.38

<i>Finding Number</i>	2011-002
-----------------------	----------

NONCOMPLIANCE

Ohio Rev. Code Section 5705.38 requires that on or about the first day of each fiscal year, an appropriation measure is to be passed. The Village may pass a temporary appropriation measure to meet their ordinary expenses until April 1st, at which time a permanent appropriation measure must be passed. Additionally, appropriation measures shall be classified so as to set forth separately the amounts appropriated for each office, department, and division, and, within each, the amount appropriated for personal services.

The Village Council did not formally approve the annual appropriations for FY2011 and FY2010.

Village Council should formally adopt and approve a permanent appropriation measure in the minutes close to January 1st or adopt temporary appropriations at the beginning of the fiscal year until a permanent appropriations measure can be adopted.

3. Ohio Rev. Code 5705.41(B)

<i>Finding Number</i>	2011-003
-----------------------	----------

NONCOMPLIANCE

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

Auditor of State noted that in 2010 and 2011, the Board of Trustees did not approve any appropriations during any meetings, causing estimated resources to exceed appropriations in every fund. During 2010, the Village expended an amount between \$4,080 and \$60,081 in each fund without adopting any appropriations. Additionally in 2011, the Village expended an amount between \$15,285 and \$53,788 in each fund without adopting any appropriations.

Expenditures plus commitments exceeded total appropriations in both years as the Village had supplemental appropriations that were not approved and therefore were removed from the total appropriations. Unapproved supplemental appropriations were not included in the calculation above. The Fiscal Officer should seek Village Council approval for supplemental appropriations and appropriation transfers. Additionally, the fiscal officer should frequently compare actual expenditures plus outstanding encumbrances to appropriations plus contractual commitments in order to avoid overspending.

4. Bank Reconciliation and CD Balance Tracking

<i>Finding Number</i>	2011-004
-----------------------	----------

MATERIAL WEAKNESS

The Village reconciles their checking account balance monthly. However, the Village does not reconcile or track all of their CD balances. For 2011, the Village reported CD balances of \$120,400 when the actual value of CDs was \$133,524. This difference is due to the Village reporting a \$10,000 CD instead of a \$20,000 CD, did not report \$424 in accumulated interest in various CDs, and not reporting a \$2,700 CD purchased toward the end of 2011 since it was reported as an expenditure instead of part of the cash fund balance. Additionally, while the Village reconciles their checking account balance monthly, discrepancies from the reconciliation are not investigated by the Village. Rather, adjusting entries are made to balances. There were two instances where the Village did not record deposited revenue. The Village received and deposited \$241 in gas tax revenue in April 2011, but did not report the receipt of it in QuickBooks. Also, they received \$2,586.28 in insurance proceeds, rent, and royalties on December 31, 2010 that was deposited but not reported as revenue. Instead, an adjusting entry was made to compensate for the resulting discrepancy in the reconciliation. Also, the Village received a credit to an account balance on its credit card in the amount of \$398. The Village improperly reported this as a deposit in transit and increased its bank balance when no actual cash was received / will be received as this credit was used to reduce a credit card payment.

<i>Finding Number</i>	2011-004 (continued)
-----------------------	----------------------

Sound financial reporting is the responsibility of the Fiscal Officer and Village Council and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. Since the Village did not properly track all CDs and did not investigate discrepancies, the Village increases the risk of theft as well as risk of reporting inaccurate financial information. The financial statements have been adjusted accordingly.

The Village should track all CD balances manually or in QuickBooks. CDs could be tracked by the fund the CD was created from and resulting interest should be posted accordingly. Also, when the Village has reconciliation discrepancies, the Fiscal Office should investigate it to determine the actual cause of the reconciliation discrepancy instead of posting a blanket correction. This will help ensure all Village funds are properly accounted for and reported accurately.

5. Transaction Posting

<i>Finding Number</i>	2011-005
-----------------------	----------

MATERIAL WEAKNESS

The Village utilized QuickBooks accounting software for 2010 and 2011. When posting transactions, the Village codes transactions to a specific fund. However, the Village is required to use two code classifications "Class" and "Split", when posting transactions. The "Class" code determines what fund revenue and expenditures will be reported on in the Profit and Loss Statement. The "Split" classification determines which fund will show the actual cash increase or decrease related to the transaction. During both years, the Village posted several transactions where the individual transaction would impact one fund on the Profit and Loss Statement and impact the cash balance of a different fund. For example, in 2011 the Village posted \$500 in gasoline tax revenue to the Water Fund on the Profit and Loss Statement; however, it was posted to impact the cash balance of the Street Maintenance Fund. Additionally, the Village posted \$1,004 in Street Cleaning expenditures to the Water Fund on the Profit and Loss Statement; however, it was posted to impact the cash balance on the Street Maintenance Fund.

Sound financial reporting is the responsibility of the Fiscal Officer and Village Council and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. By entering revenue and expenditures to impact two separate funds, the Village increases the risk of reporting inaccurate financial information. The financial statements have been corrected to compensate for these errors.

The Village should consider using accounting software that is designed for governmental accounting. Otherwise, the Village should post all transactions to ensure that the same fund is impacted for reporting on the Profit and Loss Statement and the cash fund balance. Additionally, they should review transactions to determine if they are posted to the correct fund and to correct any errors. This may help ensure the accuracy of the financial statements.

6. Financial Reporting

<i>Finding Number</i>	2011-006
-----------------------	----------

MATERIAL WEAKNESS

As a result of audit procedures performed, errors were noted in the Village's financial statements that required audit adjustments and reclassifications as follows:

- The Village obtained a Certificate of Deposit for \$2,700 in 2011. This was shown as an expenditure, but it should have been included in the ending cash balance.
 - The Village deposited \$2,586 into its bank account on December 31, 2010. This revenue was not posted to the QuickBooks system;
 - The Village deposited \$241 in gasoline tax revenue into its bank account in April 2011. This revenue was not posted to the QuickBooks system

Sound financial reporting is the responsibility of the Fiscal Officer and Council and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

To help ensure the Village's financial statements and notes to the financial statements are complete and accurate, the Village should adopt policies and procedures, including a final review of the statements and notes by the Fiscal Officer and Council, to help identify and correct errors and omissions. The financial statements have been adjusted accordingly for these adjustments or reclassifications.

Official's Response: The Client has elected not to respond to these comments.

This page intentionally left blank.



Dave Yost • Auditor of State

VILLAGE OF GLENMONT

HOLMES 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 11, 2012