

Village of Glenwillow Cuyahoga County

**Financial Statement
For the Years Ended
December 31, 2013 and December 31, 2012**



Dave Yost • Auditor of State

Village Council
Village of Glenwillow
29555 Pettibone Road
Glenwillow, Ohio 44139

We have reviewed the *Independent Auditor's Report* of the Village of Glenwillow, Cuyahoga County, prepared by Ciuni & Panichi, Inc., for the audit period January 1, 2012 through December 31, 2013. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Glenwillow is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

June 16, 2014

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Village of Glenwillow

Table of Contents

Title	Page
Independent Auditor's Report	1
Combined Statement of Cash Receipts, Disbursements, and Changes In Fund Cash Balances (Cash Basis) – All Governmental Fund Types – For the Year Ended December 31, 2013	3
Combined Statement of Cash Receipts, Disbursements, and Changes In Fund Cash Balances (Cash Basis) – All Fiduciary Fund Types – For the Year Ended December 31, 2013	4
Combined Statement of Cash Receipts, Disbursements, and Changes In Fund Cash Balances (Cash Basis) – All Governmental Fund Types – For the Year Ended December 31, 2012	5
Combined Statement of Cash Receipts, Disbursements, and Changes In Fund Cash Balances (Cash Basis) – All Fiduciary Fund Types – For the Year Ended December 31, 2012	6
Notes to the Financial Statements	7
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	21

Independent Auditor's Report

Members of Village Council
Glenwillow, Ohio

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of the Village of Glenwillow, Ohio (the "Village") as of and for the years ended December 31, 2013 and 2012.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

Members of Village Council
Glenwillow, Ohio

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2013 and 2012, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 30, 2014 on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Ciuni & Paricki, Inc.

Cleveland, Ohio
May 30, 2014

Village of Glenwillow

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, 2013

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash receipts:					
Property and local taxes	\$ 161,224	\$ 2,989	\$ -	\$ -	\$ 164,213
Municipal income tax	2,581,093	229,247	57,312	-	2,867,652
Intergovernmental	18,075	186,027	-	1,171,217	1,375,319
Special assessments	-	-	93,079	-	93,079
Charges for services	-	-	-	39,842	39,842
Fines, licenses and permits	165,719	4,982	-	-	170,701
Earnings on investments	3,961	-	-	-	3,961
Miscellaneous	<u>130,675</u>	<u>137,365</u>	<u>-</u>	<u>162,766</u>	<u>430,806</u>
Total cash receipts	<u>3,060,747</u>	<u>560,610</u>	<u>150,391</u>	<u>1,373,825</u>	<u>5,145,573</u>
Cash disbursements:					
Current:					
Security of persons and property	1,065,344	-	-	-	1,065,344
Public health services	11,472	-	-	-	11,472
Leisure time activities	-	7,661	-	-	7,661
Community environment	166,686	14,718	-	-	181,404
Transportation	-	603,066	-	-	603,066
General government	1,542,445	163,969	922	-	1,707,336
Capital outlay	-	42,587	-	1,771,311	1,813,898
Debt service:					
Principal payment	-	-	156,000	1,350,000	1,506,000
Interest and fiscal charges	<u>-</u>	<u>-</u>	<u>76,933</u>	<u>16,828</u>	<u>93,761</u>
Total cash disbursements	<u>2,785,947</u>	<u>832,001</u>	<u>233,855</u>	<u>3,138,139</u>	<u>6,989,942</u>
Excess receipts over (under) disbursements	<u>274,800</u>	<u>(271,391)</u>	<u>(83,464)</u>	<u>(1,764,314)</u>	<u>(1,844,369)</u>
Other financing receipts (disbursements):					
Sale of notes	-	-	-	300,000	300,000
Other debt proceeds	-	-	-	305,686	305,686
Transfers-in	-	225,000	91,600	90,000	406,600
Transfers-out	(406,600)	-	-	-	(406,600)
Advances-in	534,116	-	-	584,000	1,118,116
Advances-out	(584,616)	-	-	(533,500)	(1,118,116)
Other financing sources	-	150,000	-	33	150,033
Other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,950)</u>	<u>(2,950)</u>
Total other financing receipts (disbursements)	<u>(457,100)</u>	<u>375,000</u>	<u>91,600</u>	<u>743,269</u>	<u>752,769</u>
Excess of cash receipts and other financing receipts over (under) cash disbursements and other financing disbursements	(182,300)	103,609	8,136	(1,021,045)	(1,091,600)
Fund cash balance, January 1	<u>1,184,531</u>	<u>124,514</u>	<u>56,304</u>	<u>1,350,220</u>	<u>2,715,569</u>
Fund cash balance, December 31					
Restricted	-	228,123	64,440	290,165	582,728
Committed	-	-	-	39,010	39,010
Assigned	8,851	-	-	-	8,851
Unassigned	<u>993,380</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>993,380</u>
Fund cash balance, December 31	\$ <u>1,002,231</u>	\$ <u>228,123</u>	\$ <u>64,440</u>	\$ <u>329,175</u>	\$ <u>1,623,969</u>

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

Village of Glenwillow

Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances (Cash Basis) – All Fiduciary Fund Types

For the Year Ended December 31, 2013

	<u>Fiduciary Fund Types</u>
	<u>Agency</u>
Operating cash receipts:	
Charges for services	\$ 61,779
Fines, licenses, and permits	<u>99,405</u>
Total operating cash receipts	<u>161,184</u>
Operating cash disbursements:	
Contractual services	11,453
Other	<u>104,589</u>
Total operating cash disbursements	<u>116,042</u>
Operating income	45,142
Non-Operating Receipts (Disbursements):	
Advances in	616
Advances out	<u>(616)</u>
Total non-operating receipts (disbursements)	<u>-</u>
Net Change in Fund Cash Balances	45,142
Fund cash balances, January 1	<u>86,882</u>
Fund cash balances, December 31	\$ <u><u>132,024</u></u>

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

Village of Glenwillow

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, 2012

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash receipts:					
Property and local taxes	\$ 160,482	\$ 3,167	\$ -	\$ -	\$ 163,649
Municipal income tax	2,309,611	205,022	51,255	-	2,565,888
Intergovernmental	51,109	125,541	-	192,291	368,941
Special assessments	-	-	86,055	-	86,055
Charges for services	3,000	-	-	38,382	41,382
Fines, licenses and permits	192,880	5,190	-	-	198,070
Earnings on investments	2,606	5	-	218	2,829
Miscellaneous	140,667	52,123	-	274,702	467,492
Total cash receipts	<u>2,860,355</u>	<u>391,048</u>	<u>137,310</u>	<u>505,593</u>	<u>3,894,306</u>
Cash disbursements:					
Current:					
Security of persons and property	1,092,630	5,379	-	-	1,098,009
Public health services	11,392	-	-	-	11,392
Leisure time activities	-	4,700	-	-	4,700
Community environment	164,625	12,228	-	-	176,853
Transportation	-	441,171	-	-	441,171
General government	1,486,692	70,077	39,135	-	1,595,904
Capital outlay	-	40,086	-	1,067,460	1,107,546
Debt service:					
Principal payment	-	-	1,215,310	1,350,000	2,565,310
Interest and fiscal charges	-	-	91,579	20,137	111,716
Total cash disbursements	<u>2,755,339</u>	<u>573,641</u>	<u>1,346,024</u>	<u>2,437,597</u>	<u>7,112,601</u>
Excess receipts over (under) Disbursements	<u>105,016</u>	<u>(182,593)</u>	<u>(1,208,714)</u>	<u>(1,932,004)</u>	<u>(3,218,295)</u>
Other financing receipts (disbursements):					
Sale of bond	-	-	1,088,300	-	1,088,300
Sale of notes	-	-	-	1,350,000	1,350,000
Premium and accrued interest on debt	-	-	-	8,019	8,019
Transfers-in	-	150,000	86,370	55,000	291,370
Transfers-out	(274,800)	-	-	(16,570)	(291,370)
Advances-in	35,000	-	-	-	35,000
Advances-out	-	(35,000)	-	-	(35,000)
Other financing uses	-	-	-	(8,019)	(8,019)
Total other financing receipts (disbursements)	<u>(239,800)</u>	<u>115,000</u>	<u>1,174,670</u>	<u>1,388,430</u>	<u>2,438,300</u>
Excess of cash receipts and other financing receipts under cash disbursements and other financing disbursements	<u>(134,784)</u>	<u>(67,593)</u>	<u>(34,044)</u>	<u>(543,574)</u>	<u>(779,995)</u>
Fund cash balance, January 1	<u>1,319,315</u>	<u>192,107</u>	<u>90,348</u>	<u>1,893,794</u>	<u>3,495,564</u>
Fund cash balance, December 31					
Restricted	-	124,514	56,304	1,306,519	1,487,337
Committed	-	-	-	43,701	43,701
Assigned	26,075	-	-	-	26,075
Unassigned	1,158,456	-	-	-	1,158,456
Fund cash balance, December 31	<u>\$ 1,184,531</u>	<u>\$ 124,514</u>	<u>\$ 56,304</u>	<u>\$ 1,350,220</u>	<u>\$ 2,715,569</u>

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

Village of Glenwillow

Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances (Cash Basis) - All Fiduciary Fund Types

For the Year Ended December 31, 2012

	<u>Fiduciary Fund Types</u>
	<u>Agency</u>
Operating cash receipts:	
Charges for services	\$ 73,610
Fines, licenses, and permits	<u>90,432</u>
Total operating cash receipts	<u>164,042</u>
Operating cash disbursements:	
Contractual services	47,636
Other	<u>113,271</u>
Total operating cash disbursements	<u>160,907</u>
Operating income	3,135
Fund cash balances, January 1	<u>83,747</u>
Fund cash balances, December 31	\$ <u><u>86,882</u></u>

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

Village of Glenwillow

Notes to the Financial Statements

For the Years Ended December 31, 2013 and December 31, 2012

Note 1: Reporting 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. The Village provides general governmental and police services. The Village contracts with the Village of Oakwood to receive fire protection, emergency EMS services, and dispatch services. A publicly-elected six-member Council directs the Village. The Village is directed by a publicly-elected six-member Council.

The Village participates in a public entity risk pool and jointly governed organizations. Notes 10 and 11 to the financial statements provides additional information for these entities. The Village's public entity risk pool is with the Ohio Plan Risk Management, Inc. (OPRM) and the Ohio Plan Healthcare Consortium, Inc. (OPHC) – both formerly known as the Ohio Healthcare Consortium. The Village's jointly governed organizations are with the Northeast Ohio Public Energy Council, the Chagrin/Southeast Council of Government, and the Valley Enforcement Regional Council of Government.

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

Note 2: Summary of Significant Accounting Policies

A. 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.

B. 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:

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.

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

Notes to the Financial Statements

For the Years Ended December 31, 2013 and December 31, 2012

Note 2: Summary of Significant Accounting Policies (continued)

B. Fund Accounting (continued)

Debt Service Funds – These funds are used for resources the Village accumulates 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.

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:

Sanitary Sewer Improvement Fund – This fund receives fees and transfers for the improvement and maintenance of the Village's sanitary sewer.

Pettibone Realignment S-Curve Fund – This fund receives proceeds from state grants for the Pettibone Realignment project.

Agency Funds – These funds are purely custodial in nature and are used to hold resources for individuals, organizations, or other governments. The Village disburses these funds as directed by the individual, organization, or other governments. 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.

C. Deposits 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.

STAR Ohio is recorded at share values reported by STAR Ohio.

Village of Glenwillow

Notes to the Financial Statements

For the Years Ended December 31, 2013 and December 31, 2012

Note 2: Summary of Significant Accounting Policies (continued)

D. 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.

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 except for capital project funds as noted below.

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.

Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. The Village cancels and re-appropriates in the subsequent year all outstanding year-end encumbrances with the exception of capital project funds where the Village budgeted on a project length basis pursuant to Ohio Rev. Code § 9.34(B). A summary of 2013 and 2012 budgetary activity appears in Note 4.

E. 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.

F. 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.

Village of Glenwillow

Notes to the Financial Statements

For the Years Ended December 31, 2013 and December 31, 2012

Note 2: Summary of Significant Accounting Policies (continued)

G. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

Restricted Fund balance is reported as 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.

Enabling legislation authorizes the Village to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Village can be compelled by an external party, such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of Village Council. Those committed amounts cannot be used for any other purpose unless Village Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Village Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the Village for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by Village Council or a Village official delegated that authority by ordinance, or by state statute.

Village of Glenwillow

Notes to the Financial Statements

For the Years Ended December 31, 2013 and December 31, 2012

Note 2: Summary of Significant Accounting Policies (continued)

G. Fund Balance (continued)

Unassigned Unassigned fund balance is the residual classification for the General Fund and includes amounts not contained 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.

H. Subsequent Events

In preparing these financial statements, the Village has evaluated events and transactions for potential recognition or disclosure through May 30, 2014, the date the financial statements were issued.

Note 3: Equity in Pooled Deposits and Investments

The Village maintains a deposit and investment pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31, 2013 and December 31, 2012 were as follows:

	December 31 <u>2013</u>	December 31 <u>2012</u>
Demand deposits	\$ 449,097	\$ 499,516
Investments – STAR Ohio	<u>1,306,896</u>	<u>2,302,935</u>
Total deposits and investments	\$ <u>1,755,993</u>	\$ <u>2,802,451</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

Notes to the Financial Statements

For the Years Ended December 31, 2013 and December 31, 2012

Note 4: Budgetary Activity

Budgetary activity for the year ended December 31, 2013 follows:

Fund type:	Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$ 3,213,165	\$ 3,594,863	\$ 381,698
Special revenue	906,700	935,610	28,910
Debt service	220,700	241,991	21,291
Capital projects	2,938,731	2,653,544	(285,187)
Fiduciary	146,000	161,800	15,800
Total	\$ <u>7,425,296</u>	\$ <u>7,587,808</u>	\$ <u>162,512</u>

Fund type:	Budgeted vs. Actual Budgetary Basis Expenditures		
	Appropriation Authority	Actual Expenditures	Variance
General	\$ 3,959,500	\$ 3,777,163	\$ 182,337
Special revenue	955,631	832,001	123,630
Debt service	243,400	233,855	9,545
Capital projects	4,009,214	3,674,589	334,625
Fiduciary	166,000	116,658	49,342
Total	\$ <u>9,333,745</u>	\$ <u>8,634,266</u>	\$ <u>699,479</u>

Budgetary activity for the year ended December 31, 2012 follows:

Fund type:	Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$ 2,712,529	\$ 2,895,355	\$ 182,826
Special revenue	522,700	541,048	18,348
Debt service	1,323,270	1,311,980	(11,290)
Capital projects	3,328,306	1,918,612	(1,409,694)
Fiduciary	155,000	164,042	9,042
Total	\$ <u>8,041,805</u>	\$ <u>6,831,037</u>	\$ <u>(1,210,768)</u>

Fund type:	Budgeted vs. Actual Budgetary Basis Expenditures		
	Appropriation Authority	Actual Expenditures	Variance
General	\$ 3,232,200	\$ 3,030,139	\$ 202,061
Special revenue	645,558	608,641	36,917
Debt service	1,350,200	1,346,024	4,176
Capital projects	3,493,842	2,462,186	1,031,656
Fiduciary	195,000	160,907	34,093
Total	\$ <u>8,916,800</u>	\$ <u>7,607,897</u>	\$ <u>1,308,903</u>

Village of Glenwillow

Notes to the Financial Statements

For the Years Ended December 31, 2013 and December 31, 2012

Note 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 semi-annually, 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.

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

Note 6: 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 Regional Income Tax Agency (RITA) either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a final return annually. Taxes collected by RITA in one month are remitted to the Village on the 1st and the 15th of the following month.

Village of Glenwillow

Notes to the Financial Statements

For the Years Ended December 31, 2013 and December 31, 2012

Note 7: Debt

Debt outstanding at December 31, 2013 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Sanitary Sewer Special Assessment Bond	\$ 120,000	5.75% - 6.00%
Land Acquisition Bond	100,000	4.38%
Refunded Land Acquisition Bond	1,047,000	2.35%
Street Improvement Special Assessment Bond	585,000	4.10% - 5.00%
Recreation Facilities Improvement Bond	225,000	1.25% - 3.75%
Pergl Road Sanitary Sewage System Note	300,000	4.00%
OPWC Loan #CA09O Richmond/Broadway Intersection	130,686	0%
OPWC Loan #CT02P Pergl Road Sanitary Sewer	<u>175,000</u>	0%
Total	<u>\$ 2,682,686</u>	

The Sanitary Sewer Assessment Bond issued in 2000 relates 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. In 2012, the Village refunded \$1,095,000 of this outstanding bond for the purpose of obtaining a lower interest cost. The remaining unrefunded principal balance of \$100,000 outstanding will be repaid in full in December 2014. The refunded balance will be repaid in annual installments, ranging from \$22,000 to \$111,000, over 10 years with corresponding interest payments being paid semi-annually.

The Street Improvement Special Assessment Bond issued in 2006 relates 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.

The Recreation Facilities Improvement Bond issued in 2011 relates to improving the recreation facilities of the Village by constructing the multi-purpose trail on Pettibone Road. The bond principal will be repaid in annual installments, ranging from \$25,000 to \$30,000, over 9 years with corresponding interest payments being paid semi-annually.

The Ohio Public Works Commission (OPWC) Loan #CA09O finalized in 2013 related to the financing the Richmond/Broadway Intersection Realignment Project. The total amount disbursed to the Village was \$130,686. The loan is non-interest bearing and will be paid in semi-annual installments over 30 years. The Village makes annual payments in the amount of \$4,356.

The Ohio Public Works Commission (OPWC) Loan #CT02P finalized in 2013 related to the financing of the Pergl Road Sanitary Sewer Extension, Phase II Project. The total amount disbursed to the Village was \$175,000. The loan is non-interest bearing and will be paid in semi-annual installments over 30 years. The Village makes annual payments in the amount of \$5,833.

Village of Glenwillow

Notes to the Financial Statements

For the Years Ended December 31, 2013 and December 31, 2012

Note 7: Debt (continued)

Amortization of the above bonded debt, including interest, as of December 31, 2013 is scheduled as follows:

<u>Year</u>	<u>Sanitary Sewer Special Assessment Bond</u>	<u>Refunded Land Acquisition Bond</u>	<u>Unrefunded Land Acquisition Bond</u>	<u>Street Improvement Special Assessment Bond</u>	<u>Recreation Facilities Improvement Bond</u>	<u>OPWC Loan #CA09O Richmond/ Broadway Intersection</u>	<u>OPWC Loan #CT02P Pergl Rd. Sanitary Sewage</u>	<u>Total</u>
2014	\$ 22,125	\$ 46,604	\$ 104,376	\$ 63,620	\$ 31,374	\$ 4,356	\$ 5,833	\$ 278,288
2015	21,263	116,088	-	62,115	30,938	4,356	5,833	240,593
2016	20,400	116,926	-	60,575	30,436	4,356	5,833	238,526
2017	19,500	117,694	-	64,000	34,876	4,356	5,833	246,259
2018	23,600	117,390	-	62,000	34,050	4,356	5,833	247,229
2019-2023	43,600	579,876	-	308,250	96,450	21,780	29,165	1,079,121
2024-2028	-	113,608	-	187,250	-	21,780	29,165	351,803
2029-2033	-	-	-	-	-	21,780	29,167	50,947
2034-2038	-	-	-	-	-	21,780	29,167	50,947
2039-2043	-	-	-	-	-	21,786	29,171	50,957
Total	\$ <u>150,488</u>	\$ <u>1,208,186</u>	\$ <u>104,376</u>	\$ <u>807,810</u>	\$ <u>258,124</u>	\$ <u>130,686</u>	\$ <u>175,000</u>	\$ <u>2,834,670</u>

Note 8: Leases

The Village leases a vehicle and disbursed \$24,454 to pay lease costs for the years ended December 31, 2013 and December 31, 2012. The Village has one remaining lease payment, payable in 2014, in the amount of \$24,454.

Note 9: Retirement Systems

The Village's full-time police officers belong to the Ohio Police and Fire Pension Fund (OP&F). All other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include post-retirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For January 1, 2013 through July 1, 2013, OP&F participants were required to contribute 10% of their wages. From July 2, 2013 through December 31, 2013, OP&F participants were required to contribute 10.75% of their wages. For 2012, OP&F participants were required to contribute 10% of their wages. For 2013 and 2012, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages.

For 2013 and 2012, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2013.

Village of Glenwillow

Notes to the Financial Statements

For the Years Ended December 31, 2013 and December 31, 2012

Note 10: Risk Pool Membership

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) and the Ohio Plan Healthcare Consortium, Inc. (OPHC) – both formerly known as the Ohio Healthcare Consortium, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 the Plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 767 and 765 members as of December 31, 2012 and 2011 respectively.

As authorized by Section 9.833 of the Ohio Revised Code, the OPHC was established to provide cost effective employee benefit programs for Ohio political sub-divisions and is a self-funded, group purchasing consortium that offers medical, dental, vision and prescription drug coverage as well as life insurance for its members. The OPHC is sold through seventeen appointed independent agents in the State of Ohio. Coverage programs are developed specific to each member's healthcare needs and the related premiums for coverage are determined through the application of uniform underwriting criteria. Variable plan options are available to members. These plans vary primarily by deductibles, coinsurance levels, office visit co-pays and out-of-pocket maximums. OPHC had 92 and 74 members as of December 31, 2012 and 2011 respectively.

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.

Village of Glenwillow

Notes to the Financial Statements

For the Years Ended December 31, 2013 and December 31, 2012

Note 10: Risk Pool Membership (continued)

The Pool's audited financial statements conforms with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2012 and 2011 (the latest information available):

	2012		2011	
	OPRM	OPHC	OPRM	OPHC
Assets	\$ 13,100,381	\$ 1,152,610	\$ 12,501,280	\$ 1,459,791
Liabilities	<u>(6,687,193)</u>	<u>(1,615,537)</u>	<u>(5,328,761)</u>	<u>(1,283,527)</u>
Members' Equity	\$ <u>6,413,188</u>	\$ <u>(462,927)</u>	\$ <u>7,172,519</u>	\$ <u>176,264</u>

You can read the complete audited financial statements for OPRM and OPHC at the Plan's website, www.ohioplan.org.

Note 11: Jointly Governed Organizations

Northeast Ohio Public Energy Council

The Village is a member of the Northeast Ohio Public Energy Council (NOPEC). NOPEC is a regional council of government 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.

Chagrin/Southeast Council of Government

The Chagrin/Southeast Council of Government operates the Chagrin/Southeast HazMat Response Team. The team was formed in 1990 to assist local fire departments in responding to incidents involving industrial chemicals. The Council of Government has established two subsidiary organizations, the West Shore Hazardous Materials Committee which provides hazardous material protection and assistance, and the West Shore Enforcement Bureau which provides extra assistance to cities in the form of a Swat Team. During 2013 and 2012, the Village contributed \$1,458 and \$3,500, respectively, to the organization. The Chagrin/Southeast Council of Government financial statements may be obtained by contacting the Finance Director of the City of Bedford Heights, Ohio.

Village of Glenwillow

Notes to the Financial Statements

For the Years Ended December 31, 2013 and December 31, 2012

Note 11: Jointly Governed Organizations (continued)

Valley Enforcement Regional Council of Government

The Village is a member of Valley Enforcement Regional Council of Government (“VERCOG”), a jointly governed organization. VERCOG is a regional council of government formed under Chapter 167 of the Ohio Revised Code. VERCOG was formed to continue to foster cooperation among political subdivisions through sharing of facilities for their common benefit. It includes the supervision and control of the Valley Enforcement Group (“VEG”), which has been a mutual aid organization providing the mutual interchange and sharing of police personnel and police equipment. VERCOG is comprised of communities located within the Chagrin Valley which exercise law enforcement authority under Ohio law and whose law enforcement agency consists of four or more full-time, sworn law enforcement officers. VERCOG is authorized to acquire and own police equipment and other property, to be used by all participating members, and may do any other thing permitted by law to accomplish its general purposes. During 2013 and 2012, the Village paid \$7,000 and \$7,000, respectively, to VERCOG.

Note 12: Interfund Transfers

The transfers among Village funds were made to provide additional resources for current operations. Transfers made during the year ended December 31, 2013 were as follows:

<u>Transfer to</u>	<u>Transfer from</u> <u>General</u>
Special Revenue Funds	\$ 225,000
Debt Service Funds	91,600
Capital Projects Funds	<u>90,000</u>
Total	\$ <u>406,600</u>

The transfers among Village funds were made to provide additional resources for current operations. Transfers made during the year ended December 31, 2012 were as follows:

<u>Transfer to</u>	<u>Transfer from</u>		<u>Total</u>
	<u>General</u>	<u>Capital Projects Funds</u>	
Special Revenue Funds	\$ 150,000	\$ -	\$ 150,000
Debt Service Funds	69,800	16,570	86,370
Capital Projects Funds	<u>55,000</u>	<u>-</u>	<u>55,000</u>
Total	\$ <u>274,800</u>	\$ <u>16,570</u>	\$ <u>291,370</u>

Village of Glenwillow

Notes to the Financial Statements

For the Years Ended December 31, 2013 and December 31, 2012

Note 13: Subsequent Events

On March 19, 2014, the Village issued Various Purpose Improvement Notes in the amount of \$250,000 with an interest rate of 1.50%, maturing on April 21, 2015, for the purpose of improving the municipal sanitary sewage system.

**Independent Auditor’s Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

Members of Village Council
Glenwillow, Ohio

We have audited, in accordance with the 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, the financial statements of the Village of Glenwillow, Ohio (the “Village”) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements and have issued our report thereon dated May 30, 2014, wherein we noted the Village followed accounting financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit, described in Note 2.

Internal Control over Financial Reporting

In planning and performing our audits of the financial statements, we considered the Village’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Village’s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *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 Village’s financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Members of the Village Council
Glenwillow, Ohio

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cini & Paricki, Inc.

Cleveland, Ohio
May 30, 2014



Dave Yost • 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
JUNE 26, 2014**