



Dave Yost • Auditor of State



VILLAGE OF GLANDORF  
PUTNAM COUNTY

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Village of Glandorf  
Putnam County  
203 North Main Street  
P.O. Box 154  
Glandorf, Ohio 45848-0154

To the Village Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements and related notes of the Village of Glandorf, Putnam County, Ohio (the Village) as of and for the years ended December 31, 2014 and 2013.

### ***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 opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

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

As described in Note 1 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 (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***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, 2014 and 2013, or changes in financial position or cash flows 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 of Glandorf, Putnam County, Ohio as of December 31, 2014 and 2013, 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 1.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2015, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine 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.



**Dave Yost**  
Auditor of State

Columbus, Ohio

October 21, 2015

**VILLAGE OF GLANDORF  
PUTNAM COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$90,633		\$90,633
Municipal Income Tax	235,069		235,069
Intergovernmental	43,077	\$49,585	92,662
Charges for Services	20,585		20,585
Fines, Licenses and Permits	2,337		2,337
Earnings on Investments	2,532	341	2,873
Miscellaneous	2,405	1,567	3,972
<i>Total Cash Receipts</i>	<u>396,638</u>	<u>51,493</u>	<u>448,131</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	72,318		72,318
Public Health Services	6,037		6,037
Leisure Time Activities	20,464		20,464
Community Environment	2,811		2,811
Basic Utility Services	32,144		32,144
Transportation	14,911	63,244	78,155
General Government	176,617		176,617
Capital Outlay		112,036	112,036
Debt Service:			
Principal Retirement	27,983		27,983
Interest and Fiscal Charges	3,149		3,149
<i>Total Cash Disbursements</i>	<u>356,434</u>	<u>175,280</u>	<u>531,714</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>40,204</u>	<u>(123,787)</u>	<u>(83,583)</u>
<b>Other Financing Receipts (Disbursements)</b>			
Refund of Prior Year Expenditure	1,276		
Transfers In		30,000	30,000
Transfers Out	(30,000)		(30,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(28,724)</u>	<u>30,000</u>	
<i>Net Change in Fund Cash Balances</i>	11,480	(93,787)	(82,307)
<i>Fund Cash Balances, January 1</i>	<u>355,562</u>	<u>118,432</u>	<u>473,994</u>
<b>Fund Cash Balances, December 31</b>			
Restricted		24,645	24,645
Assigned	367,042		367,042
<i>Fund Cash Balances, December 31</i>	<u>\$367,042</u>	<u>\$24,645</u>	<u>\$391,687</u>

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

**VILLAGE OF GLANDORF  
PUTNAM COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$345,431
<b>Operating Cash Disbursements</b>	
Personal Services	51,404
Contractual Services	285,391
Supplies and Materials	18,052
Other	70,969
<i>Total Operating Cash Disbursements</i>	425,816
<i>Operating Loss</i>	(80,385)
<b>Non-Operating Receipts (Disbursements)</b>	
Municipal Income Tax	162,376
Capital Outlay	(109,105)
Principal Retirement	(8,000)
Interest and Other Fiscal Charges	(16,054)
<i>Total Non-Operating Receipts (Disbursements)</i>	29,217
<i>Net Change in Fund Cash Balances</i>	(51,168)
<i>Fund Cash Balances, January 1</i>	336,125
<i>Fund Cash Balances, December 31</i>	\$284,957

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



**VILLAGE OF GLANDORF  
PUTNAM COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$87,862		\$87,862
Municipal Income Tax	245,192		245,192
Intergovernmental	64,873	\$49,482	114,355
Charges for Services	22,882		22,882
Fines, Licenses and Permits	1,883		1,883
Earnings on Investments	968	411	1,379
Miscellaneous	3,897		3,897
	<i>Total Cash Receipts</i>	49,893	477,450
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	74,623		74,623
Public Health Services	5,010		5,010
Leisure Time Activities	18,181		18,181
Community Environment	9,807		9,807
Basic Utility Services	32,546		32,546
Transportation	5,882	35,788	41,670
General Government	324,691		324,691
Capital Outlay		57,845	57,845
Debt Service:			
Principal Retirement	20,314		20,314
Interest and Fiscal Charges	3,035		3,035
	<i>Total Cash Disbursements</i>	93,633	587,722
	<i>Excess of Disbursements Over Receipts</i>	(43,740)	(110,272)
<b>Other Financing Receipts</b>			
Proceeds from Loan	115,150		115,150
	<i>Net Change in Fund Cash Balances</i>	(43,740)	4,878
	<i>Fund Cash Balances, January 1</i>	162,172	469,116
<b>Fund Cash Balances, December 31</b>			
Restricted		118,432	118,432
Assigned	355,562		355,562
	<i>Fund Cash Balances, December 31</i>	\$118,432	\$473,994

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

**VILLAGE OF GLANDORF  
PUTNAM COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Enterprise
<b>Operating Cash Receipts</b>	
Charges for Services	\$319,472
Miscellaneous	1,190
	<u>320,662</u>
<i>Total Operating Cash Receipts</i>	<u>320,662</u>
<b>Operating Cash Disbursements</b>	
Personal Services	49,199
Contractual Services	243,733
Supplies and Materials	21,692
Other	69,630
	<u>384,254</u>
<i>Total Operating Cash Disbursements</i>	<u>384,254</u>
<i>Operating Loss</i>	<u>(63,592)</u>
<b>Non-Operating Receipts (Disbursements)</b>	
	168,304
Capital Outlay	(37,234)
Principal Retirement	(38,314)
Interest and Other Fiscal Charges	(17,826)
	<u>74,930</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>74,930</u>
<i>Net Change in Fund Cash Balances</i>	11,338
<i>Fund Cash Balances, January 1</i>	<u>324,787</u>
<i>Fund Cash Balances, December 31</i>	<u>\$336,125</u>

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

**VILLAGE OF GLANDORF  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013**

**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 Glandorf, Putnam County, Ohio (the Village), as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, fire protection and police services: The Village appropriates general fund money to support a volunteer fire department.

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 permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**C. Deposits and Investments**

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

The Village values certificates of deposit at cost.

**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 accounts for and reports all financial resources not accounted for and reported in another fund.

**VILLAGE OF GLANDORF  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

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

**2. Special Revenue Funds**

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Fund:

Street Construction, Maintenance and Repair 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.

Sewer Fund - This fund receives charges for services from residents to cover sewer 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. 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 approve estimated resources.

**3. Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2014 and 2013 budgetary activity appears in Note 3.

**VILLAGE OF GLANDORF  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

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

**F. Fund Balance**

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.

**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.

**VILLAGE OF GLANDORF  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

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

**H. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**2. EQUITY IN POOLED 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:

	2014	2013
Demand deposits	\$140,222	\$255,026
Certificates of deposit	266,987	265,439
Total deposits	407,209	520,465
Repurchase agreement	269,435	289,654
Total deposits and investments	\$676,644	\$810,119

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Village.

**Investments:** The Village's financial institution transfers securities to the Village's agent to collateralize repurchase agreements. The securities are not in the Village's name.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2014 and 2013 follows:

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$374,170	\$397,914	\$23,744
Special Revenue	94,500	81,493	(13,007)
Enterprise	495,050	507,807	12,757
Total	\$963,720	\$987,214	\$23,494

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$744,000	\$386,434	\$357,566
Special Revenue	170,000	175,280	(5,280)
Enterprise	790,400	558,975	231,425
Total	\$1,704,400	\$1,120,689	\$583,711

**VILLAGE OF GLANDORF  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$495,893	\$542,707	\$46,814
Special Revenue	126,239	49,893	(76,346)
Enterprise	481,150	488,966	7,816
Total	\$1,103,282	\$1,081,566	(\$21,716)

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$802,300	\$494,089	\$308,211
Special Revenue	227,000	93,633	133,367
Enterprise	796,200	477,628	318,572
Total	\$1,825,500	\$1,065,350	\$760,150

Contrary to Ohio law, budgetary expenditures exceeded appropriations in the Street, Construction, Maintenance, and Repair Fund.

**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.

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

**5. LOCAL INCOME TAX**

The Village levies a municipal income tax of 1.5 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**VILLAGE OF GLANDORF  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**6. DEBT**

Debt outstanding at December 31, 2014 was as follows:

	Principal	Interest Rate
Rural Economic Development Bonds	\$277,400	5.625%
Bank Loan	66,853	3.75%
Total	\$344,253	

Rural Economic Bonds were issued for construction and improvements of the Village's water and sewage treatment systems. Revenues of the water and sewer utilities will be used to pay these obligations.

A Bank Loan for \$115,000 loan was issued in 2013 for the purchase of 4.613 acres of land west of Glandorf. The five year loan will be repaid in four equal installments of \$31,132 with the remainder being paid in 2017.

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

	Rural Economic Bonds- Principal	Rural Economic Bonds- Interest	Loan-Principal	Loan- Interest
Year ending December 31:				
2015	\$8,500	\$15,604	\$29,031	\$2,101
2016	9,000	15,125	30,131	1,001
2017	9,500	14,619	7,691	71
2018	10,100	14,085		
2019	10,600	13,517		
2020-2024	62,700	57,943		
2025-2029	82,600	38,194		
2030-2034	84,400	12,195		
Total	\$277,400	\$181,282	\$66,853	\$3,173

**7. RETIREMENT SYSTEM**

The Village's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a 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 2014 and 2013, 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, 2014.



**VILLAGE OF GLANDORF  
PUTNAM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)**

**8. RISK MANAGEMENT**

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, 2014, PEP retained \$350,000 for casualty claims and \$100,000 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 net position at December 31, 2013 and 2014.

	<u>2013</u>	<u>2014</u>
Assets	\$34,411,883	\$35,402,177
Liabilities	(12,760,194)	(12,363,257)
Net Position	<u>\$21,651,689</u>	<u>\$23,038,920</u>

At December 31, 2013 and 2014, respectively, the liabilities above include approximately 11.6 million and \$11.1 million of estimated incurred claims payable. The assets above also include approximately \$11.1 million and \$10.8 million of unpaid claims to be billed. The Pool's membership increased from 475 members in 2013 to 488 members in 2014. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2014, the Village's share of these unpaid claims collectible in future years is approximately \$16,000.

VILLAGE OF GLANDORF  
PUTNAM COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014 AND 2013  
(Continued)

**9. INTERFUND TRANSFERS**

During 2014, the General Fund transferred \$30,000 to the Street Construction, Maintenance, and Repair Fund.

Transfers are used to move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them. Transfers are also used to move unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.



# Dave Yost • Auditor of State

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

Village of Glandorf  
Putnam County  
203 North Main Street  
P.O. Box 154  
Glandorf, Ohio 45848-0154

To the Village Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Village of Glandorf, Putnam County, Ohio (the Village) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated October 21, 2015 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. 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 internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. 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. We consider findings 2014-001 and 2014-002 described in the accompanying schedule of findings to be a 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, opining 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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2014-003.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**Dave Yost**  
Auditor of State

Columbus, Ohio

October 21, 2015

**VILLAGE OF GLANDORF  
PUTNAM COUNTY  
SCHEDULE OF FINDINGS  
DECEMBER 31, 2014 AND 2013**

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

**FINDING NUMBER 2014-001**

**Material Weakness**

**Financial Reporting**

Accurate financial reporting is the responsibility of Village management and is essential to ensure the information provided to the readers of the financial statements accurately reflects the Village's activity. In addition, GASB Statement No. 54 requires fund balance be divided into one of five classifications based on the extent to which constraints are imposed upon the resources.

Accurate financial reporting is the responsibility of the Fiscal Officer and is essential to ensure the information provided to the readers of the financial statements accurately reflects the Village's activity.

The Village lacked a policy regarding financial review which contributed to material posting discrepancies such as the following, occurring without detection:

- Income tax revenues in the Enterprise Funds, in the amounts of \$162,376 in 2014 and \$168,304 in 2013, respectively, were incorrectly posted as property tax revenues.
- Proceeds of Loan in the amount of \$115,150 were incorrectly posted as other financing sources in the General Fund in 2013.
- In 2014 and 2013, \$367,042 and \$355,562, respectively, of the unassigned General Fund balance was overstated and assigned fund balance was understated.

Adjusting entries were posted to the financial statements to correct these and other errors.

To ensure the Village's financial statements and notes to the statements are complete and accurate, Council should adopt policies and procedures, including a final review of the financial statements, and notes to the financial statements to identify and correct errors and omissions.

**FINDING NUMBER 2014-002**

**Material Weakness**

**Posting Estimated Receipts**

The Fiscal Officer did not always post budgeted receipts as listed on the Certificate of Estimated Resources. Failure to post correct budget amounts could inhibit Council's ability to monitor revenue activity. We noted difference between correct and posted amounts in the following funds:

<u>As of December 31, 2014:</u>	<u>Posted Budgeted Receipts</u>	<u>Estimated Receipts</u>	<u>Variance</u>
General Fund	\$389,170	\$374,170	\$15,000
<u>As of December 31, 2013:</u>	<u>Posted Budgeted Receipts</u>	<u>Estimated Receipts</u>	<u>Variance</u>
General Fund	\$495,620	\$495,893	(\$273)
Street Construction Maintenance and Repair Fund	96,500	142,103	(45,603)
Water Fund	186,200	184,300	1,900

**FINDING NUMBER 2014-002 (Continued)**

These errors were not identified and corrected prior to the audit due to deficiencies in the Village's financial statement monitoring. Council should develop policies and implement procedures to assure that all budgeted receipts posted agree to the certificate of estimated resources. The budgetary note disclosure has been adjusted to reflect the correct amounts.

**FINDING NUMBER 2014-003**

**Noncompliance Citation**

**Ohio Rev. Code § 5705.41(B)** provides no subdivision shall make any expenditure of money unless it has been lawfully appropriated.

Expenditures exceeded appropriations in the Street, Construction, Maintenance, and Repair Fund by \$11,124 in 2014.

Management did not sufficiently monitor budget versus actual reports to ensure disbursements did not exceed Council approved appropriations.

If expenditures are allowed to exceed appropriations it could result in deficit spending. The Village should monitor budgeted appropriations and actual expenditures throughout the year to ensure that expenditures are within the appropriations that were approved by Council.

**Officials' Response:**

We did not receive a response from Officials to the findings reported above.

**VILLAGE OF GLANDORF  
PUTNAM COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2014 AND 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2012-001	Ohio Rev. Code § 5705.41(D)(1), for lack of prior certification of Expenditures.	Yes	
2012-002	Ohio Rev. Code § 5705.40, for lack of approval of appropriation amendments.	No	Partially corrected. Reissued in the management letter.
2012-003	Ohio Rev. Code § 5705.41(B), for expenditures exceeding appropriations.	No	Not Corrected. Reissued as Finding 2014-003 in this report.
2012-004	Material weakness regarding financial reporting due to errors on financial statements.	No	Not Corrected. Reissued as Finding 2014-001 in this report.

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# Dave Yost • Auditor of State

**VILLAGE OF GLANDORF**

**PUTNAM 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  
NOVEMBER 10, 2015**