

**VILLAGE OF GLORIA GLENS PARK
MEDINA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2004-2003



**Auditor of State
Betty Montgomery**

Village Council
Village of Gloria Glens Park
P.O. Box 457
Chippewa Lake, OH 44217

We have reviewed the *Independent Accountants' Report* of the Village of Gloria Glens Park, Medina County, prepared by Knox & Knox, for the audit period January 1, 2003 through December 31, 2004. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the Auditor of State 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Accountants' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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 Gloria Glens Park is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

December 20, 2005

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VILLAGE OF GLORIA GLENS PARK
MEDINA COUNTY

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Independent Accountants' Report

Village of Gloria Glens Park
Medina County
P.O. Box 457
Chippewa Lake, Ohio 44215

To the Members of Council:

We have audited the accompanying financial statements of the Village of Gloria Glens Park, Medina County, Ohio, (the Village) as of and for the years ended December 31, 2004 and 2003. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 that our audit provides a reasonable basis for our opinion.

As discussed 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.

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e., major) funds separately for 2004. While the Village does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of the State of Ohio permits, but does not require, governments to reformat their statements. The Village has elected not to reformat its statements. Since this Village does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2004, 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, 2004, or its changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Gloria Glens Park, Medina County, as of December 31, 2004 and 2003, and its combined cash receipts and disbursements and reserves for encumbrances for the years then ended on the basis of accounting described in Note 1.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the year ended December 31, 2004. The Government has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2005, 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 *Governmental Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Knox & Knox

Orrville, Ohio
October 14, 2005

VILLAGE OF GLORIA GLENS PARK
MEDINA COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
 FUND CASH BALANCES – ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 2004

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
Property Tax and Other Local Taxes	\$ 45,455	\$ 10,597	\$ 56,052
Intergovernmental	22,409	44,587	66,996
Charges for Services	723		723
Fines, Licenses and Permits	1,571		1,571
Earnings on Investments	451	89	540
 Total Cash Receipts	 70,609	 55,273	 125,882
Cash Disbursements:			
Current:			
Security of Persons and Property	1,828	22,714	24,542
Leisure Time Activities	273		273
Community Environment	3,544	9,019	12,563
Basic Utility Services	4,020		4,020
Transportation		6,747	6,747
General Government	43,658		43,658
Debt Service:			
Principal	15,000		15,000
Interest	607		607
 Total Cash Disbursements	 68,930	 38,480	 109,410
 Total Cash Receipts Over/(Under) Disbursements	 1,679	 16,793	 18,472
Other Financing Receipts/(Disbursements):			
Transfers-In		2,000	2,000
Transfers-Out	<2,000>		<2,000>
 Total Other Financing Receipts/(Disbursements)	 <2,000>	 2,000	
 Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements			
	<321>	18,793	18,472
 Fund Cash Balances, January 1	 19,206	 55,400	 74,606
 Fund Cash Balances, December 31	 \$ 18,885	 \$ 74,193	 \$ 93,078
 Reserves for Encumbrances, December 31	 \$ 0	 \$ 8,010	 \$ 8,010

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

VILLAGE OF GLORIA GLENS PARK
MEDINA COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES – ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
Property Tax and Other Local Taxes	\$ 42,268	\$ 9,619	\$ 51,887
Intergovernmental Receipts	25,036	16,741	41,777
Fines, Licenses and Permits	2,622		2,622
Earnings on Investments	336	145	481
Miscellaneous	<u>3,297</u>	<u> </u>	<u>3,297</u>
Total Cash Receipts	<u>73,559</u>	<u>26,505</u>	<u>100,064</u>
Cash Disbursements:			
Current:			
Security of Persons and Property	22,311	18,408	40,719
Public Health Services	3,905		3,905
Leisure Time Activities	162		162
Community Environment	3,431		3,431
Transportation		7,883	7,883
General Government	45,183		45,183
Debt Service:			
Principal			
Interest	<u>150</u>	<u> </u>	<u>150</u>
Total Cash Disbursements	<u>75,142</u>	<u>26,291</u>	<u>101,433</u>
Total Receipts Over/(Under) Disbursements	<u><1,583></u>	<u>214</u>	<u><1,369></u>
Other Financing Receipts:			
Sale of Note	<u>15,000</u>	<u> </u>	<u>15,000</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	13,417	214	13,631
Fund Cash Balances, January 1	<u>5,789</u>	<u>55,186</u>	<u>60,975</u>
Fund Cash Balances, December 31	<u>\$ 19,206</u>	<u>\$ 55,400</u>	<u>\$ 74,606</u>
Reserves for Encumbrances, December 31	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

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

VILLAGE OF GLORIA GLENS PARK
MEDINA COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. Description of the Entity

The Village of Gloria Glens Park, Medina County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general government services, including road maintenance and park operations (leisure time activities). The Village contracts with the Medina County Sheriff's Office for police services and Westfield Center Township for fire protection.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash

The Village maintains all cash in checking and savings accounts.

D. Fund Accounting

The Village uses fund accounting to segregate cash that is restricted as to use. The Village classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village has the following significant Special Revenue Funds:

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

VILLAGE OF GLORIA GLENS PARK
MEDINA COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Fire Levy Fund - This fund receives property tax receipts for the purpose of providing fire protection.

Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) 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 the appropriation measure and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2004 and 2003 budgetary activity appears in Note 3.

Property, Plant and Equipment

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

**VILLAGE OF GLORIA GLENS PARK
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

2. EQUITY IN POOLED CASH

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

	<u>2004</u>	<u>2003</u>
Demand deposits	<u>\$93,078</u>	<u>\$74,606</u>
Total deposits	<u>\$93,078</u>	<u>\$74,606</u>

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2004 and 2003 follows:

	2004 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$ 61,320	\$ 70,609	\$ 9,289
Special Revenue	<u>47,900</u>	<u>57,273</u>	<u>9,373</u>
Total	<u>\$109,220</u>	<u>\$127,882</u>	<u>\$18,662</u>

	2004 Budgeted vs. Actual Budgetary Basis Expenditures		
	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 70,380	\$ 70,930	\$ <550>
Special Revenue	<u>56,110</u>	<u>46,490</u>	<u>9,620</u>
Total	<u>\$126,490</u>	<u>\$117,420</u>	<u>\$ 9,070</u>

**VILLAGE OF GLORIA GLENS PARK
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 82,025	\$ 88,559	\$ 6,534
Special Revenue	<u>29,787</u>	<u>26,505</u>	<u><3,282></u>
Total	<u>\$111,812</u>	<u>\$115,064</u>	<u>\$ 3,252</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 81,050	\$ 75,142	\$ 5,908
Special Revenue	<u>44,486</u>	<u>26,291</u>	<u>18,195</u>
Total	<u>\$125,536</u>	<u>\$101,433</u>	<u>\$24,103</u>

4. DEBT

During 2003 the Village borrowed \$15,000 and retired the note in 2004. Accordingly, at December 31, 2004, there was not debt.

5. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, 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.

**VILLAGE OF GLORIA GLENS PARK
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

6. RETIREMENT SYSTEM

The employees of the Village belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2004 and 2003, PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 2004.

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

KNOX & KNOX

Accountants and Consultants

REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

Village of Gloria Glens Park
Medina County
P.O. Box 457
Chippewa Lake, Ohio 44215

To the Members of Council:

We have audited the accompanying financial statements of the Village of Gloria Glens Park, Medina County, Ohio (the Village), as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated October 14, 2005. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which would 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 audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as Item 2004-001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial

Village of Gloria Glens Park
Medina County
Independent Accountants' Report on Compliance and on Internal Control
Required by *Government Auditing Standards*

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reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to the management of the Village in a separate letter dated October 14, 2005.

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

KNOX & KNOX

Orrville, Ohio
October 14, 2005

VILLAGE OF GLORIA GLENS PARK
MEDINA COUNTY

SCHEDULE OF FINDINGS
DECEMBER 21, 2004 AND 2003

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

FINDING NUMBER 2004-001

Noncompliance Citation

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

Village expenditures exceeded appropriations at the fund level in the following instance at December 31, 2004.

	<u>Appropriations</u>	<u>Expenditures</u>	<u>Variance</u>
General Fund	\$70,380	\$70,930	\$550

VILLAGE OF GLORIA GLENS PARK
MEDINA COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2004 AND 2003

Finding Number	Finding Summary	Fully Corrected ?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid.
2002-30952-001	Ohio Rev. Code Section 5705.41 (D) - Failure to certify funds.	Yes	



**Auditor of State
Betty Montgomery**

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VILLAGE OF GLORIA GLENS PARK

MEDINA 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
DECEMBER 30, 2005**