

**VILLAGE OF GLENMONT  
HOLMES COUNTY**

**AUDIT REPORT**

**JANUARY 1, 2004 – DECEMBER 31, 2005**

**Wolfe, Wilson, & Phillips, Inc.  
37 South Seventh Street  
Zanesville, Ohio 43701**





**Auditor of State  
Betty Montgomery**

Mayor and Village Council  
Village of Glenmont  
P. O. Box 476  
Glenmont, Ohio 44628

We have reviewed the *Independent Auditors' Report* of the Village of Glenmont, Holmes County, prepared by Wolfe, Wilson & Phillips, Inc., for the audit period January 1, 2004 through December 31, 2005. 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 Auditors' 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 Auditors' 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 Glenmont is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

July 26, 2006

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**VILLAGE OF GLENMONT  
HOLMES COUNTY**

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**WOLFE, WILSON, & PHILLIPS, INC.**  
**37 SOUTH SEVENTH STREET**  
**ZANESVILLE, OHIO 43701**

**INDEPENDENT AUDITORS' REPORT**

Village of Glenmont  
Holmes County  
P.O. Box 476  
Glenmont, Ohio 44628

We have audited the accompanying financial statement of the Village of Glenmont, Holmes County as of and for the years ended December 31, 2005 and 2004. 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 obtain reasonable assurance about 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 described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America. Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, 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 years ended December 31, 2005 and 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2005 and 2004. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State 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 paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village of Glenmont's combined funds as of December 31, 2005 and 2004, and their changes in financial position.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Glenmont, Holmes County, as of December 31, 2005 and 2004, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

The aforementioned revision to generally accepted accounting principles also require the Village to include Management's Discussion and Analysis for the years ended December 31, 2005 and 2004. The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 27, 2006, on our consideration of the Village of Glenmont's internal control structure over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

***Wolfe, Wilson, & Phillips, Inc.***  
Zanesville, Ohio  
June 27, 2006

**VILLAGE OF GLENMONT  
HOLMES COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property Tax and Other Local Taxes	\$ 3,292	\$ -	\$ 3,292
Intergovernmental Receipts	31,759	11,633	43,392
Charges for Services	3,839	-	3,839
Fines, Licenses and Permits	1,358	-	1,358
Earnings on Investments	2,635	557	3,192
Miscellaneous	2,652	-	2,652
<b>Total Cash Receipts</b>	<b>45,535</b>	<b>12,190</b>	<b>57,725</b>
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	14,675	-	14,675
Public Health Service	593	-	593
General Government	27,213	14,868	42,081
<b>Total Cash Disbursements</b>	<b>42,481</b>	<b>14,868</b>	<b>57,349</b>
Total Cash Receipts Over/(Under) Cash Disbursements	3,054	(2,678)	376
Fund Cash Balance, January 1	88,510	49,362	137,872
<b>Fund Cash Balance, December 31</b>	<b>\$ 91,564</b>	<b>\$ 46,684</b>	<b>\$ 138,248</b>

See notes to financial statements.

VILLAGE OF GLENMONT  
HOLMES COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCE - PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Enterprise</u>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$ 24,485
<b>Total Operating Cash Receipts</b>	24,485
<b>Operating Cash Disbursements:</b>	
Personal Services	3,843
Contractual Services	24,783
Supplies and Materials	14,733
<b>Total Operating Cash Disbursements</b>	43,359
<b>Net Receipts Over/(Under) Disbursements</b>	(18,874)
<b>Fund Cash Balances, January 1</b>	95,554
<b>Fund Cash Balances, December 31</b>	\$ 76,680

See notes to financial statements.

**VILLAGE OF GLENMONT  
HOLMES COUNTY**

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

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property Tax and Other Local Taxes	\$ 2,994	\$ -	\$ 2,994
Intergovernmental Receipts	31,707	11,293	43,000
Charges for Services	3,114	-	3,114
Fines, Licenses and Permits	2,142	-	2,142
Earnings on Investments	1,930	357	2,287
Miscellaneous	2,725	-	2,725
<b>Total Cash Receipts</b>	<b>44,612</b>	<b>11,650</b>	<b>56,262</b>
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	15,480	-	15,480
Public Health Service	579	-	579
Transportation	-	1,983	1,983
General Government	27,523	-	27,523
<b>Total Cash Disbursements</b>	<b>43,582</b>	<b>1,983</b>	<b>45,565</b>
Total Cash Receipts Over/(Under) Cash Disbursements	1,030	9,667	10,697
Fund Cash Balance, January 1	87,480	39,695	127,175
<b>Fund Cash Balance, December 31</b>	<b>\$ 88,510</b>	<b>\$ 49,362</b>	<b>\$ 137,872</b>

See notes to financial statements.

**VILLAGE OF GLENMONT  
HOLMES COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCE - PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Enterprise
<b>Operating Cash Receipts:</b>	
Charges for Services	\$ 19,722
<b>Total Operating Cash Receipts</b>	19,722
<b>Operating Cash Disbursements:</b>	
Personal Services	3,625
Contractual Services	6,383
Supplies and Materials	3,521
<b>Total Operating Cash Disbursements</b>	13,529
<b>Net Receipts Over/(Under) Disbursements</b>	6,193
<b>Fund Cash Balances, January 1</b>	89,361
<b>Fund Cash Balances, December 31</b>	\$ 95,554
<b>Reserve for Encumbrances, December 31</b>	\$ 92

See notes to financial statements.

**VILLAGE OF GLENMONT  
HOLMES COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Glenmont, Holmes 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 Council-Mayor form of government using a six-member Council. The Village provides general government services including road maintenance, water and sewer utilities, and police services. In addition, the Village operates a mayor's court.

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 and Investments**

The Village Clerk invests all available funds of the Village in an interest bearing checking account and certificates of deposit. Certificates of deposit are valued 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:

**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 Fund**

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 tax and motor vehicle money for constructing, maintaining and repairing Village streets.

**VILLAGE OF GLENMONT  
HOLMES COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004**

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

**D. Fund Accounting (Continued)**

**Enterprise Funds**

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

**Water Fund** – This fund receives charges for services from residents to cover the cost of providing this utility.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

**Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control, and appropriations may not exceed estimated resources. The 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.

**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 commitments are made. Encumbrances outstanding at year-end are carried over, and need not be reappropriated.

A summary of 2005 and 2004 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

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

**VILLAGE OF GLENMONT  
HOLMES COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004**

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

	2005	2004
Demand Deposits	\$ 79,928	\$ 98,426
Certificates of Deposit	135,000	135,000
Total Deposits and Investments	\$ 214,928	\$ 233,426

**Deposits:** Deposits are either (1) insured by the Federal Deposit Insurance Corporation, or (2) collateralized by securities specifically pledged by the financial institution to the Village.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2005 and 2004 follows:

2005 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 45,710	\$ 45,535	\$ (175)
Special Revenue	12,710	12,190	(520)
Enterprise	20,000	24,485	4,485
Total	\$ 78,420	\$ 82,210	\$ 3,790

2005 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 54,126	\$ 42,481	\$ 11,645
Special Revenue	27,500	14,868	12,632
Enterprise	47,850	43,359	4,491
Total	\$ 129,476	\$ 100,708	\$ 28,768

2004 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 46,673	\$ 44,612	\$ (2,061)
Special Revenue	10,960	11,650	690
Enterprise	21,000	19,722	(1,278)
Total	\$ 78,633	\$ 75,984	\$ (2,649)

2004 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 59,876	\$ 43,582	\$ 16,294
Special Revenue	24,950	1,983	22,967
Enterprise	25,350	13,621	11,729
Total	\$ 110,176	\$ 59,456	\$ 50,990

**VILLAGE OF GLENMONT  
HOLMES COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004**

**4. 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 is due the following June 20.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to County by each April 30.

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

**5. RETIREMENT SYSTEMS**

The Village's elected officials and employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS 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 2005, OPERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries for the period January 1, 2004 through December 31, 2005. The Village has paid all contributions required through December 31, 2005.

**6. RISK MANAGEMENT**

**Commercial Insurance**

The Village has obtained commercial insurance for the following risks:

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

**WOLFE, WILSON, & PHILLIPS, INC.  
37 SOUTH SEVENTH STREET  
ZANESVILLE, OHIO 43701**

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT  
OF FINANCIAL STATEMENT PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS.**

Village of Glenmont  
Holmes County  
P.O. Box 476  
Glenmont, Ohio 44628

We have audited the financial statements of Village of Glenmont as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated June 27, 2006, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Village of Glenmont'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 an opinion 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 reportable 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 caused by error or fraud 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 reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving internal control over financial reporting that we have reported to management in a separate letter dated June 27, 2006.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Village of Glenmont's combined financial statements are free of 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 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* and is described in the accompanying schedule of findings as items 2005-01. We also noted certain immaterial instances of noncompliance that we have reported to the management in a separate letter dated June 27, 2006.

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

***Wolfe, Wilson, & Phillips, Inc.***  
Zanesville, Ohio  
June 27, 2006

**VILLAGE OF GLENMONT  
HOLMES COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2005**

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

**FINDING NUMBER 2005-01**

Ohio Revised Code Section 5705.41(D) states in part that no subdivision shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of fiscal officer of the subdivision. The Clerk must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

Prior certification was not obtained for 100% in 2005 and 90% in 2004, of the expenditures tested.

The Clerk should certify funds before each payment is made through the issuance of a regular, blanket, or super blanket purchase order. Blanket certificates should be issued for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of council against any specific line item account over a period not running beyond the end of the current fiscal year. A super blanket purchase order can be completed for any amount for expenditures and contracts from a specific line item appropriation account in a specified fund for most recurring or reasonable predictable operating expenditures. This is not to extend beyond the current year. More than one super blanket may be outstanding at one particular time for a particular line item appropriation account.

Also, as an alternative, the Village can issue then and now certificates for expenses up to \$3,000. Then and now certificates allow the Clerk to certify that both at the time the expenditure was made and at the time that the certification is completed, sufficient funds are available. These certificates can be certified by the Clerk without subsequent authorization from Council. However, then and now certificates issued by the Clerk over \$3,000 must be authorized by Council within thirty days after payment.

Client Response: We agree with finding and will try to improve in the future.

**VILLAGE OF GLENMONT  
HOLMES COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED DECEMBER 31, 2005**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain:</b>
2003-01	ORC 5705.41(D) Invoices dated prior to fiscal certificate.	No	Not Corrected: Included in report as finding 2005-01.



**Auditor of State  
Betty Montgomery**

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**VILLAGE OF GLENMONT**

**HOLMES COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
AUGUST 8, 2006**