

Village of Glenwillow Cuyahoga County

**Financial Statement
For The Years Ended
December 31, 2011 and 2010**



Dave Yost • Auditor of State

Members of Council
Village of Glenwillow
29555 Pettibone Rd.
Glenwillow, OH 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, 2010 through December 31, 2011. 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 Auditor's 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 Auditor's 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 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

July 25, 2012

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Village of Glenwillow

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Independent Auditor's Report

Members of the Village Council
Village of Glenwillow, Ohio

We have audited the accompanying financial statements of the Village of Glenwillow, Ohio, (the "Village"), as of and for the years ended December 31, 2011 and 2010. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our 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 audits 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 our audits provide a reasonable basis for our opinion.

As described in Note 2, the Village prepares its financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity-wide statements and also presenting the Village's larger (i.e., major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require, Villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above as of and for the years ended December 31, 2011 and 2010 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2011 and 2010, or their changes in financial position for the years then ended.

Members of the Village Council
Village of Glenwillow, Ohio

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances as of December 31, 2011 and 2010, of the Village, and its combined cash receipts and disbursements for the years then ended on the accounting basis described in Note 2.

As described in Note 3, the Village adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2012, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. 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 audits.

Cini & Parichi, Inc.

Cleveland, Ohio
June 25, 2012

Village of Glenwillow

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

For the Year Ended December 31, 2011

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash receipts:					
Property and local taxes	\$ 148,733	\$ 2,817	\$ -	\$ -	\$ 151,550
Municipal income tax	2,497,810	221,747	55,437	-	2,774,994
Intergovernmental	130,233	83,774	-	50,000	264,007
Special assessments	-	-	102,639	-	102,639
Charges for services	8,250	-	-	26,448	34,698
Fines, licenses and permits	182,153	5,926	-	-	188,079
Earnings on investments	373	-	-	-	373
Miscellaneous	168,215	67,870	-	135,566	371,651
Total cash receipts	<u>3,135,767</u>	<u>382,134</u>	<u>158,076</u>	<u>212,014</u>	<u>3,887,991</u>
Cash disbursements:					
Current:					
Security of persons and property	1,080,252	1,365	-	-	1,081,617
Public health services	9,080	-	-	-	9,080
Leisure time activities	-	5,774	-	-	5,774
Community environment	181,179	8,404	-	-	189,583
Transportation	-	451,354	-	2,117	453,471
General government	1,227,164	40,459	1,022	-	1,268,645
Capital outlay	-	25,504	-	193,672	219,176
Debt service:					
Principal payment	-	-	110,000	300,000	410,000
Interest and fiscal charges	-	-	110,004	4,488	114,492
Total cash disbursements	<u>2,497,675</u>	<u>532,860</u>	<u>221,026</u>	<u>500,277</u>	<u>3,751,838</u>
Excess receipts over (under) disbursements	<u>638,092</u>	<u>(150,726)</u>	<u>(62,950)</u>	<u>(288,263)</u>	<u>136,153</u>
Other financing receipts (disbursements):					
Sale of bonds	-	-	-	275,000	275,000
Sale of notes	-	-	-	1,350,000	1,350,000
Premium on debt	-	-	-	9,707	9,707
Transfers-in	-	130,000	60,000	55,000	245,000
Transfers-out	(245,000)	-	-	-	(245,000)
Advances-in	-	35,000	-	-	35,000
Advances-out	(35,000)	-	-	-	(35,000)
Other financing uses	-	-	-	(24,793)	(24,793)
Total other financing receipts (disbursements)	<u>(280,000)</u>	<u>165,000</u>	<u>60,000</u>	<u>1,664,914</u>	<u>1,609,914</u>
Excess of cash receipts and other financing receipts over (under) cash disbursements and other financing disbursements	358,092	14,274	(2,950)	1,376,651	1,746,067
Fund cash balance, January 1	<u>961,223</u>	<u>177,833</u>	<u>93,298</u>	<u>517,143</u>	<u>1,749,497</u>
Fund cash balance, December 31					
Restricted	-	154,537	90,348	1,868,866	2,113,751
Committed	-	-	-	24,928	24,928
Assigned	1,121	37,570	-	-	38,691
Unassigned	1,318,194	-	-	-	1,318,194
Fund cash balance, December 31	<u>\$ 1,319,315</u>	<u>\$ 192,107</u>	<u>\$ 90,348</u>	<u>\$ 1,893,794</u>	<u>\$ 3,495,564</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 - All Fiduciary Fund Types

For the Year Ended December 31, 2011

	<u>Fiduciary Fund Types</u>
	<u>Agency</u>
Operating cash receipts:	
Charges for services	\$ 52,212
Fines, licenses, and permits	<u>101,857</u>
Total operating cash receipts	<u>154,069</u>
Operating cash disbursements:	
Contractual services	17,619
Other	<u>118,096</u>
Total operating cash disbursements	<u>135,715</u>
Operating income	18,354
Fund cash balances, January 1	<u>65,393</u>
Fund cash balances, December 31	\$ <u><u>83,747</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 – All Governmental Fund Types

For the Year Ended December 31, 2010

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash receipts:					
Property and local taxes	\$ 174,517	\$ 3,281	\$ -	\$ -	\$ 177,798
Municipal income tax	1,750,379	155,374	38,843	85	1,944,681
Intergovernmental	175,520	118,660	-	63,046	357,226
Special assessments	-	-	77,885	-	77,885
Charges for services	8,550	-	-	73,330	81,880
Fines, licenses and permits	415,554	41,445	-	-	456,999
Earnings on investments	915	-	-	-	915
Miscellaneous	65,291	34,641	-	25,969	125,901
Total cash receipts	<u>2,590,726</u>	<u>353,401</u>	<u>116,728</u>	<u>162,430</u>	<u>3,223,285</u>
Cash disbursements:					
Current:					
Security of persons and property	901,699	3,490	-	-	905,189
Public health services	12,724	-	-	-	12,724
Leisure time activities	-	13,673	-	-	13,673
Community environment	176,103	11,182	-	-	187,285
Basic utility services	-	-	-	713	713
Transportation	-	301,499	-	4,845	306,344
General government	1,054,272	143,490	748	50,000	1,248,510
Capital outlay	-	36,629	-	170,770	207,399
Debt service:					
Principal payment	-	-	105,000	275,000	380,000
Interest and fiscal charges	-	-	114,835	10,300	125,135
Total cash disbursements	<u>2,144,798</u>	<u>509,963</u>	<u>220,583</u>	<u>511,628</u>	<u>3,386,972</u>
Excess receipts over (under) disbursements	<u>445,928</u>	<u>(156,562)</u>	<u>(103,855)</u>	<u>(349,198)</u>	<u>(163,687)</u>
Other financing receipts (disbursements):					
Sale of notes	-	-	-	300,589	300,589
Sale of fixed assets	3,576	-	-	-	3,576
Transfers-in	-	100,000	126,348	-	226,348
Transfers-out	(135,000)	-	-	(91,348)	(226,348)
Advances-in	65,000	-	-	65,000	130,000
Advances-out	(65,000)	-	-	(65,000)	(130,000)
Total other financing receipts (disbursements)	<u>(131,424)</u>	<u>100,000</u>	<u>126,348</u>	<u>209,241</u>	<u>304,165</u>
Excess of cash receipts and other financing receipts over (under) cash disbursements and other financing disbursements	314,504	(56,562)	22,493	(139,957)	140,478
Fund cash balance, January 1	<u>646,719</u>	<u>234,395</u>	<u>70,805</u>	<u>657,100</u>	<u>1,609,019</u>
Fund cash balance, December 31	\$ <u>961,223</u>	\$ <u>177,833</u>	\$ <u>93,298</u>	\$ <u>517,143</u>	\$ <u>1,749,497</u>

The accompanying notes are an integral part of these financial statements

Village of Glenwillow

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

For the Year Ended December 31, 2010

	<u>Fiduciary Fund Types</u>
	<u>Agency</u>
Operating cash receipts:	
Charges for services	\$ 80,329
Fines, licenses, and permits	<u>141,286</u>
Total operating cash receipts	<u>221,615</u>
Operating cash disbursements:	
Contractual services	60,020
Other	<u>148,772</u>
Total operating cash disbursements	<u>208,792</u>
Operating income	12,823
Fund cash balances, January 1	<u>52,570</u>
Fund cash balances, December 31	\$ <u><u>65,393</u></u>

The accompanying notes are an integral part of these financial statements

Village of Glenwillow

Notes to the Basic Financial Statements

For the Years Ended December 31, 2011 and 2010

Note 1: Reporting Entity

The Village of Glenwillow, Cuyahoga 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.

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the Village are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the Village.

The Village provides general governmental and police services. The Village contracts with the City of Solon to receive fire protection, emergency EMS services, and dispatch services.

Component units are legally separate organizations for which the Village is financially accountable. The Village is financially accountable for an organization if the Village appoints a voting majority of the organization's governing board and (1) the Village is able to significantly influence the programs or services performed or provided by the organization; or (2) the Village is legally entitled to or can otherwise access the organization's resources; the Village is legally obligated or has otherwise assumed the responsibility to finance deficits of or provide financial support to the organization; or the Village is obligated for the debt of the organization. Component units may also include organizations for which the Village approves the budget, the issuance of debt, or the levying of taxes. The Village has no component units.

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.

Village of Glenwillow

Notes to the Basic Financial Statements (continued)

For the Years Ended December 31, 2011 and 2010

Note 2: Summary of Significant Accounting Policies (continued)

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.

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:

Diamond Center Park Road Construction Fund – This fund received a large state grant for the project.

Multi-Purpose Trail Fund – This fund receives income taxes and various grants to help connect the all-purpose trails within the Village.

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 government. 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.

Village of Glenwillow

Notes to the Basic Financial Statements (continued)

For the Years Ended December 31, 2011 and 2010

Note 2: Summary of Significant Accounting Policies (continued)

C. 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.

1. 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.

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 individual commitments are made. The Village cancels and re-appropriates in the subsequent year all outstanding year-end encumbrances.

A summary of 2011 and 2010 budgetary activity appears in Note 6.

D. 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.

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 Basic Financial Statements (continued)

For the Years Ended December 31, 2011 and 2010

Note 2: Summary of Significant Accounting Policies (continued)

G. Fund Balance

For the year ended December 31, 2011, 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. It also includes the long-term amount of interfund loans.

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 Basic Financial Statements (continued)

For the Years Ended December 31, 2011 and 2010

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 June 25, 2012, the date the financial statements were issued.

Note 3: Change in Accounting Principle

For the year ended December 31, 2011, the Village adopted Governmental Accounting Standard Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of GASB Statement No. 54 had no effect on cash fund balances previously reported.

Village of Glenwillow

Notes to the Basic Financial Statements (continued)

For the Years Ended December 31, 2011 and 2010

Note 4: Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned 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 constraints placed on a fund for the major governmental funds and all other governmental funds are presented below:

	General	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Total
Restricted					
Street construction	\$ -	\$ 80,111	\$ -	\$ -	\$ 80,111
Tax incentive review	-	11,442	-	-	11,442
Law enforcement education	-	1,481	-	-	1,481
Court computer fund	-	23,162	-	-	23,162
Recreation	-	30,683	-	-	30,683
Other purposes	-	7,658	-	-	7,658
Debt service	-	-	90,348	-	90,348
Capital improvement	-	-	-	1,868,866	1,868,866
Total Restricted	<u>-</u>	<u>154,537</u>	<u>90,348</u>	<u>1,868,866</u>	<u>2,113,751</u>
Committed					
Capital Improvement	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,928</u>	<u>24,928</u>
Total Committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,928</u>	<u>24,928</u>
Assigned					
Encumbrances	<u>1,121</u>	<u>37,570</u>	<u>-</u>	<u>-</u>	<u>38,691</u>
Total Assigned	<u>1,121</u>	<u>37,570</u>	<u>-</u>	<u>-</u>	<u>38,691</u>
Unassigned	<u>1,318,194</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,318,194</u>
Total Fund Cash Balances, December 31	\$ <u>1,319,315</u>	\$ <u>192,107</u>	\$ <u>90,348</u>	\$ <u>1,893,794</u>	\$ <u>3,495,564</u>

Note 5: 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, 2011 and December 31, 2010 were as follows:

	December 31 <u>2011</u>	December 31 <u>2010</u>
Demand deposits	\$ 1,279,205	\$ 1,290,633
Investments – STAR Ohio	<u>2,300,106</u>	<u>524,257</u>
Total deposits and investments	\$ <u>3,579,311</u>	\$ <u>1,814,890</u>

Village of Glenwillow

Notes to the Basic Financial Statements (continued)

For the Years Ended December 31, 2011 and 2010

Note 5: Equity in Pooled Deposits and Investments (continued)

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.

Note 6: 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 7: 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 Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

Note 8: Budgetary Activity

Budgetary activity for the year ended December 31, 2011 follows:

Fund type:	Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$ 3,040,030	\$ 3,135,767	\$ 95,737
Special revenue	562,200	547,134	(15,066)
Debt service	211,000	218,076	7,076
Capital projects	1,895,400	1,901,721	6,321
Fiduciary	159,000	154,069	(4,931)
Total	\$ <u>5,867,630</u>	\$ <u>5,956,767</u>	\$ <u>89,137</u>

Village of Glenwillow

Notes to the Basic Financial Statements (continued)

For the Years Ended December 31, 2011 and 2010

Note 8: Budgetary Activity (continued)

Fund type:	<u>Budgeted vs. Actual Budgetary Basis Expenditures</u>		
	<u>Appropriation</u>	<u>Actual</u>	<u>Variance</u>
	<u>Authority</u>	<u>Expenditures</u>	
General	\$ 2,947,500	\$ 2,777,675	\$ 169,825
Special revenue	695,700	532,860	162,840
Debt service	226,500	221,026	5,474
Capital projects	2,051,117	525,070	1,526,047
Fiduciary	159,500	135,715	23,785
Total	<u>\$ 6,080,317</u>	<u>\$ 4,192,346</u>	<u>\$ 1,887,971</u>

Budgetary activity for the year ended December 31, 2010 follows:

Fund type:	<u>Budgeted vs. Actual Receipts</u>		
	<u>Budgeted</u>	<u>Actual</u>	<u>Variance</u>
	<u>Receipts</u>	<u>Receipts</u>	
General	\$ 2,346,644	\$ 2,659,302	\$ 312,658
Special revenue	466,711	453,401	(13,310)
Debt service	271,347	243,076	(28,271)
Capital projects	506,000	528,019	22,019
Fiduciary	181,500	221,615	40,115
Total	<u>\$ 3,772,202</u>	<u>\$ 4,105,413</u>	<u>\$ 333,211</u>

Fund type:	<u>Budgeted vs. Actual Budgetary Basis Expenditures</u>		
	<u>Appropriation</u>	<u>Actual</u>	<u>Variance</u>
	<u>Authority</u>	<u>Expenditures</u>	
General	\$ 2,636,326	\$ 2,344,798	\$ 291,528
Special revenue	649,900	509,963	139,937
Debt service	228,000	220,583	7,417
Capital projects	827,231	667,976	159,255
Fiduciary	230,300	208,792	21,508
Total	<u>\$ 4,571,757</u>	<u>\$ 3,952,112</u>	<u>\$ 619,645</u>

Village of Glenwillow

Notes to the Basic Financial Statements (continued)

For the Years Ended December 31, 2011 and 2010

Note 9: Debt

Debt outstanding at December 31, 2011 and December 31, 2010 was as follows:

	<u>2011</u>	<u>2010</u>
Water Line Special Assessment Bond (7%)	\$ 15,000	\$ 25,000
Sanitary Sewer Special Assessment Bond (5.25-6%)	150,000	160,000
Land Acquisition Bond (4.375-5.875%)	1,145,000	1,205,000
Recreation Facilities Improvement Note (4.15%)	-	300,000
Street Improvement Special Assessment Bond (4-5%)	645,000	675,000
Richmond Road/Broadway Road Improvement Note (1.46%)	900,000	-
Pergl Road Sanitary Sewage System Note (1.46%)	450,000	-
Multi-Purpose Rail Improvement Bond (1.25%)	<u>275,000</u>	<u>-</u>
Total	<u>\$ 3,580,000</u>	<u>\$ 2,365,000</u>

The Water Line Special Assessment Bonds issued in 1996 relate to the installation of water lines for the Bond Street improvements. The bond principal will be repaid in annual installments, ranging from \$5,000 to \$15,000, over 15 years, with corresponding interest payments being paid semi-annually.

The Sanitary Sewer Assessment Bonds issued in 2000 relate 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. The bond principal will be repaid in annual installments, ranging from \$40,000 to \$115,000, over 20 years with corresponding interest payments being paid semi-annually.

The Recreation Facilities Improvement Note was issued in 2009 and relates to the Pettibone Road Multi-Purpose Trail project and was paid down in 2011.

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 Richmond Road/Broadway Road Improvement Note was issued in 2011 and relates to the improvement of Richmond Road and matures in one year. The Pergl Road Sanitary Sewage System Note was issued in 2011 and relates to the improvement of the municipal sanitary sewage system along Pergl Road and matures in one year. The Multi-Purpose Trail Improvement Note was issued in 2011 and relates to the Pettibone Road Multi-Purpose Trail project and also matures in one year.

Village of Glenwillow

Notes to the Basic Financial Statements (continued)

For the Years Ended December 31, 2011 and 2010

Note 9: Debt (continued)

Amortization of the above bonded debt, including interest, as of December 31, 2011 is scheduled as follows:

<u>Year</u>	<u>Water Line Special Assessment Bond</u>	<u>Sanitary Sewer Special Assessment Bond</u>	<u>Land Acquisition Bond</u>	<u>Street Improvement Special Assessment Bond</u>	<u>Total</u>
2012	\$ 16,050	\$ 23,850	\$ 123,894	\$ 61,110	\$ 224,904
2013	-	22,987	126,269	59,880	209,136
2014	-	22,125	158,425	63,620	244,170
2015	-	21,263	124,050	62,115	207,428
2016	-	20,400	124,938	60,575	205,913
2017-2021	-	86,700	623,012	309,750	1,019,462
2022-2026	-	-	369,362	311,750	681,112
Total	\$ <u>16,050</u>	\$ <u>197,325</u>	\$ <u>1,649,950</u>	\$ <u>928,800</u>	\$ <u>2,792,125</u>

Note 10: Retirement Systems

The Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). 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 2011 and 2010, OP&F participants contributed 10% of their wages. For 2011 and 2010, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2011 and 2010, 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, 2011 and December 31, 2010.

Note 11: Risk Pool Membership

Prior to 2009, the Village belonged to the Ohio Government Risk Management Plan (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 was legally separate from its member governments.

On January 1, 2009, through an internal reorganization, the Plan created three separate non-profit corporations including:

- Ohio Plan Risk Management, Inc. (OPRM) – formerly known as the Ohio Risk Management Plan;
- Ohio Plan Healthcare Consortium, Inc. (OPHC) – formerly known as the Ohio Healthcare Consortium; and
- Ohio Plan, Inc. – mirrors the oversight function previously performed by the Board of Directors. The Board of Trustees consists of 11 members that include appointed and elected officials from member organizations.

Village of Glenwillow

Notes to the Basic Financial Statements (continued)

For the Years Ended December 31, 2011 and 2010

Note 11: Risk Pool Membership (continued)

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 coverage's to its members sold through 14 appointed independent agents in the State of Ohio. These coverage programs, referred to as Ohio Plan Risk management ("OPRM"), 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 40% (17.5% through October 31, 2010 and 15% through October 31, 2009) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had over 761 and 725 members as of December 31, 2010 and December 31, 2009, respectively (latest available information). The Village participates in this coverage.

The Plan formed the Ohio Plan Healthcare Consortium ("OPHC"), 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 17 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 65 and 60 members as of December 31, 2010 and December 31, 2009, respectively (latest available information). The Village does not participate in this coverage.

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.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities, and members' equity at December 31, 2010 and 2009 (the latest information available), and include amounts for both OPRM and OPHC:

	2010		2009	
	OPRM	OPHC	OPRM	OPHC
Assets	\$ 12,036,541	\$ 1,355,131	\$ 11,176,186	\$ 1,358,802
Liabilities	<u>(4,845,056)</u>	<u>(1,055,096)</u>	<u>(4,852,485)</u>	<u>(1,253,617)</u>
Members' Equity	\$ <u>7,191,485</u>	\$ <u>300,035</u>	\$ <u>6,323,701</u>	\$ <u>105,185</u>

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

Village of Glenwillow

Notes to the Basic Financial Statements (continued)

For the Years Ended December 31, 2011 and 2010

Note 12: Northeast Ohio Public Energy Council

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

Note 13: Interfund Activity

The transfers among Village funds were made to provide additional resources for current operations. Transfers made during the year ended December 31, 2011 were as follows:

	<u>Transfer from</u>
	<u>General</u>
<u>Transfer to</u>	
Special Revenue Funds	\$ 130,000
Debt Service Funds	60,000
Capital Projects Funds	<u>55,000</u>
Total	<u>\$ 245,000</u>

The advances among Village funds were made to provide additional resources for current operations. Advances made during the year ended December 31, 2011 were as follows:

	<u>Advance from</u>
	<u>General</u>
<u>Advance to</u>	
Special Revenue Funds	\$ <u>35,000</u>

Village of Glenwillow

Notes to the Basic Financial Statements (continued)

For the Years Ended December 31, 2011 and 2010

Note 13: Interfund Activity (continued)

The transfers among Village funds were made to provide additional resources for current operations. Transfers made during the year ended December 31, 2010 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	\$ 100,000	\$ -	\$ 100,000
Debt Service Funds	<u>35,000</u>	<u>91,348</u>	<u>126,348</u>
Total	\$ <u>135,000</u>	\$ <u>91,348</u>	\$ <u>226,348</u>

The advances among Village funds were made to provide additional resources for current operations. Advances made during the year ended December 31, 2010 were as follows:

<u>Advance to</u>	<u>Advance from</u>		<u>Total</u>
	<u>General</u>	<u>Capital Projects Funds</u>	
General	\$ -	\$ 65,000	\$ 65,000
Capital Projects Funds	<u>65,000</u>	<u>-</u>	<u>65,000</u>
Total	\$ <u>65,000</u>	\$ <u>65,000</u>	\$ <u>130,000</u>

**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 the Village Council
Village of Glenwillow, Ohio

We have audited the financial statements of the Village of Glenwillow, Ohio, (the “Village”) as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated June 25, 2012, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America and the Village adopted Governmental Accounting Standards Board Statement No. 54 in 2011. 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.

Internal Control over Financial Reporting

In planning and performing our audits, we considered the Village’s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village’s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village’s internal control over financial reporting.

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 combination of internal control deficiencies resulting in more than 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Village Council
Village of Glenwillow, Ohio

Compliance and Other Matters

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 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*.

This report is intended solely for the information and use of the Village Council, Village Management, and the Auditor of State's Office and is not intended to be and should not be used by anyone other than these specified parties.

Cini & Panichi, Inc.

Cleveland, Ohio
June 25, 2012

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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
AUGUST 07, 2012