



**VILLAGE OF GLENFORD
PERRY COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



**JIM PETRO
AUDITOR OF STATE**

STATE OF OHIO

VILLAGE OF GLENFORD
PERRY COUNTY

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Report of Independent Accountants	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 1999	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Proprietary Fund Types – For the Year Ended December 31, 1999	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 1998	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Proprietary Fund Types – For the Year Ended December 31, 1998	6
Notes to the Financial Statements	7
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	13
Schedule of Findings	15

This page intentionally left blank.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

743 East State Street
Athens Mall Suite B
Athens, Ohio 45701
Telephone 740-594-3300
800-441-1389
Facsimile 740-594-2110
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Village of Glenford
Perry County
P.O. Box 22
Glenford, Ohio 43739

To the Village Council:

We have audited the accompanying financial statements of the Village of Glenford, Perry County, Ohio (the Village), as of and for the years ended December 31, 1999 and 1998. 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 generally accepted auditing standards 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 discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Glenford, Perry County, as of December 31, 1999 and 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 30, 2000 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 grants.

This report is intended solely for the information and use of the management and the Village Council and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

October 30, 2000

This page intentionally left blank.

**VILLAGE OF GLENFORD
PERRY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$3,834	\$500	\$4,334
Intergovernmental Receipts	10,063	8,154	18,217
Earnings on Investments	577	450	1,027
Miscellaneous	65	1,143	1,208
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	14,539	10,247	24,786
Cash Disbursements:			
Current:			
Security of Persons and Property	1,761	485	2,246
Public Health Services	44		44
Leisure Time Activities		975	975
Transportation	63	2,204	2,267
General Government	10,895	28	10,923
Capital Outlay			0
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	12,763	3,692	16,455
Total Receipts Over/(Under) Disbursements	<hr/>	<hr/>	<hr/>
	1,776	6,555	8,331
Other Financing Receipts/(Disbursements):			
Transfers-Out	<hr/>	<hr/>	<hr/>
	(500)		(500)
Total Other Financing Receipts/(Disbursements)	<hr/>	<hr/>	<hr/>
	(500)	0	(500)
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<hr/>	<hr/>	<hr/>
	1,276	6,555	7,831
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	19,203	34,315	53,518
Fund Cash Balances, December 31	<hr/>	<hr/>	<hr/>
	\$20,479	\$40,870	\$61,349

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

**VILLAGE OF GLENFORD
PERRY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Proprietary Fund Types
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$53,775
Miscellaneous	73
Total Operating Cash Receipts	53,848
Operating Cash Disbursements:	
Personal Services	3,734
Fringe Benefits	
Contractual Services	1,977
Supplies and Materials	23,786
Capital Outlay	8,145
Total Operating Cash Disbursements	37,642
Operating Income/(Loss)	16,206
Non-Operating Cash Receipts:	
Proceeds from Notes and Bonds	20,000
Total Non-Operating Cash Receipts	20,000
Non-Operating Cash Disbursements:	
Debt Service	
Principal	5,638
Interest	4,215
Other Non-Operating Cash Disbursements	123
Total Non-Operating Cash Disbursements	9,976
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	26,230
Transfers-In	500
Net Receipts Over/(Under) Disbursements	26,730
Fund Cash Balances, January 1	1,065
Fund Cash Balances, December 31	\$27,795

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

**VILLAGE OF GLENFORD
PERRY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$2,688	\$591	\$3,279
Special Assessments	47		47
Intergovernmental Receipts	7,340	8,027	15,367
Earnings on Investments	506	680	1,186
Miscellaneous	130	1,061	1,191
	<u>10,711</u>	<u>10,359</u>	<u>21,070</u>
Cash Disbursements:			
Current:			
Security of Persons and Property	1,781	190	1,971
Public Health Services	40		40
Leisure Time Activities		702	702
Transportation	597	1,023	1,620
General Government	20,598	19	20,617
Capital Outlay		11,250	11,250
	<u>23,016</u>	<u>13,184</u>	<u>36,200</u>
Total Receipts Over/(Under) Disbursements	<u>(12,305)</u>	<u>(2,825)</u>	<u>(15,130)</u>
Other Financing Receipts/(Disbursements):			
Other Sources	588		588
Total Other Financing Receipts/(Disbursements)	<u>588</u>	<u>0</u>	<u>588</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(11,717)	(2,825)	(14,542)
Fund Cash Balances, January 1	30,920	37,140	68,060
Fund Cash Balances, December 31	<u>\$19,203</u>	<u>\$34,315</u>	<u>\$53,518</u>

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

**VILLAGE OF GLENFORD
PERRY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	Proprietary Fund Types
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$44,620
Miscellaneous	103
Total Operating Cash Receipts	44,723
Operating Cash Disbursements:	
Personal Services	4,184
Contractual Services	17,882
Supplies and Materials	5,665
Capital Outlay	21,455
Total Operating Cash Disbursements	49,186
Operating Income/(Loss)	(4,463)
Non-Operating Cash Disbursements:	
Debt Service:	
Principal	5,472
Interest	4,301
Total Non-Operating Cash Disbursements	9,773
Net Receipts Over/(Under) Disbursements	(14,236)
Fund Cash Balances, January 1	15,301
Fund Cash Balances, December 31	\$1,065

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

**VILLAGE OF GLENFORD
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Glenford, Perry County, Ohio (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 governmental services, including water and sewer utilities, park operations (leisure time activities), and police services. The Village contracts with the Perry County Sheriff's department to provide security of persons and property.

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.

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

C. Cash and Investments

The Village invests in a NOW checking account.

D. Fund Accounting

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

1. General Fund

The General Fund 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 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 had the following significant Special Revenue Funds:

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

State Highway Fund - This fund receives gasoline tax money for maintaining and repairing state highways within the Village.

Park Fund - This fund receives donations and General Fund transfers to fund construction of the Park.

**VILLAGE OF GLENFORD
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

4. Enterprise Funds

These funds account for operations that are similar to private business enterprises 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.

Sewer Construction Fund - This fund receives OWDA loan proceeds to be used for the sewer project.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund 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. Appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. The Village did not use the encumbrance method of accounting.

A summary of 1999 and 1998 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 GLENFORD
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>1999</u>	<u>1998</u>
Demand deposits	<u>\$89,144</u>	<u>\$54,583</u>

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and 1998 follows:

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 14,964	\$ 14,539	\$ (425)
Special Revenue	1,855	10,247	8,392
Enterprise	<u>46,243</u>	<u>74,348</u>	<u>28,105</u>
Total	<u>\$ 63,062</u>	<u>\$ 99,134</u>	<u>\$ 36,072</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 43,305	\$ 13,263	\$ 30,042
Special Revenue	13,895	3,692	10,203
Enterprise	<u>39,125</u>	<u>47,618</u>	<u>(8,493)</u>
Total	<u>\$ 96,325</u>	<u>\$ 64,573</u>	<u>\$ 31,752</u>

1998 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 14,964	\$ 11,299	\$ (3,665)
Special Revenue	2,055	10,359	8,304
Enterprise	<u>37,200</u>	<u>44,723</u>	<u>7,523</u>
Total	<u>\$ 54,219</u>	<u>\$ 66,381</u>	<u>\$ 12,162</u>

**VILLAGE OF GLENFORD
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 45,825	\$ 23,016	\$ 22,809
Special Revenue	13,645	13,184	461
Enterprise	10,265	58,959	(48,694)
Total	\$ 69,735	\$ 95,159	\$ (25,424)

Compliance and Accountability

- a. For the year ended December 31, 1999, actual disbursements exceeded appropriations in the Sewer Construction and Water Funds in the amounts of \$8,145 and \$349, respectively.

For the year ended December 31, 1998, actual disbursements exceeded appropriations in the Street Construction, Maintenance and Repair and Water Funds in the amounts of \$2,382 and \$48,694, respectively.

These disbursements were in violation of Ohio Rev. Code Section 5705.41(B) which prohibits a subdivision from making a disbursement unless it has been properly appropriated.

- b. The availability of unencumbered appropriations for expenditure was not certified prior to purchase commitments being incurred. Section 5705.41(D), Revised Code, requires a certificate of the fiscal officer to be attached to any order of expenditure, prior to a commitment being incurred. As a result, there were no encumbrances to report on the financial statements and outstanding purchase commitments were not included in budgetary disbursements shown above in this note.
- c. Appropriations exceeded estimated resources during 1999 in the General and Water Funds in the amounts of \$7,321 and \$882, respectively. Ohio Rev. Code Section 5705.39 prohibits appropriations from exceeding estimated resources.

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 payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

**VILLAGE OF GLENFORD
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

4. PROPERTY TAX (Continued)

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.

5. DEBT

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan	\$ 136,273	3%

The Ohio Water Development Authority (OWDA) loan relates to a water project that was mandated by the Ohio Environmental Protection Agency. The OWDA has approved up to \$150,000 in loans to the Village for this project. The loans will be repaid in semiannual installments of \$4,927, including interest, over 20 years. The scheduled payment amount below assumes that \$150,000 will be borrowed. The scheduled payment will be adjusted to reflect any revisions in amounts actually borrowed. The loan is collateralized by water receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

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

Year ending December 31:	OWDA Loan
2000	\$ 4,927
2001	9,853
2002	9,853
2003	9,853
2004	9,853
Subsequent	137,896
Total	\$ 182,235

An additional Ohio Water Development Authority (OWDA) loan has been approved for up to \$50,000. As of the date of this report, the Village has drawn down \$20,000. The loan proceeds are to be used for a Village sewer project. The interest free loan is projected to be repaid in annual installments of \$5,000, over a 10 year period, beginning with the first payment due by July 1, 2001. The scheduled payments will be adjusted to reflect any revisions in amounts actually borrowed. The loan is collateralized by projected sewer receipts.

**VILLAGE OF GLENFORD
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

6. RETIREMENT SYSTEMS

Officials and employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including post-retirement 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 1999 and 1998, 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, 1999.

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

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

The Village also provides health and life insurance to full-time employees through a private carrier.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

743 East State Street
Athens Mall Suite B
Athens, Ohio 45701
Telephone 740-594-3300
800-441-1389
Facsimile 740-594-2110
www.auditor.state.oh.us

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

Village of Glenford
Perry County
P.O. Box 22
Glenford, Ohio 43739

To the Village Council:

We have audited the accompanying financial statements of the Village of Glenford, Perry County, Ohio (the Village), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated October 30, 2000. We conducted our audit in accordance with generally accepted auditing standards 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 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompany Schedule of Findings as items 1999-31064-001 through 1999-31064-004. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated October 30, 2000.

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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings as items 1999-31064-004 through 1999-31064-006.

A material 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable conditions described above are material weaknesses. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated October 30, 2000.

Village of Glenford
Perry County
Report of Independent Accountants on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

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

Jim Petro
Auditor of State

October 30, 2000

**VILLAGE OF GLENFORD
PERRY COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998**

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

Finding Number	1999-31064-001
-----------------------	-----------------------

Noncompliance Citation

Ohio Rev. Code Section 5705.41(D) states that no subdivision or taxing unit shall make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon.

This section also provides two "exceptions" to the above requirements:

- A. Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was appropriated and free of any previous encumbrance, Village Council may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.

- B. If the amount involved is less than one thousand dollars, the fiscal officer may authorize it to be paid without the affirmation of Village Council.

The Village's fiscal officer did not certify funds during the audit period. As a result, any purchase commitments incurred in one fiscal period may be improperly charged against the subsequent fiscal period's appropriations.

We recommend the Village officials implement procedures to gain fiscal control over expenditures. Purchase orders should be utilized to certify availability of funds prior to commitments being incurred. Appropriations should then be encumbered and balances maintained of unencumbered appropriations. Additional purchase orders should be issued only after the fiscal officer determines that sufficient unencumbered appropriations exist in the amount of the requested purchase.

Finding Number	1999-31064-002
-----------------------	-----------------------

Noncompliance Citation

Ohio Rev. Code Section 5705.41(B) prohibits a subdivision from making a disbursement unless it has been properly appropriated.

For the year ended December 31, 1999, actual disbursements exceeded appropriations in the Sewer Construction and Water Funds in the amounts of \$8,145 and \$349, respectively. During 1998, the Street Construction, Maintenance and Repair and Water Funds had disbursements which exceeded appropriations in the amounts of \$2,382 and \$48,694, respectively.

We recommend the Village review budgetary information on a regular basis to ensure disbursements do not exceed appropriations.

**VILLAGE OF GLENFORD
PERRY COUNTY**
**SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998
(Continued)**

Finding Number	1999-31064-003
-----------------------	-----------------------

Noncompliance Citation

Ohio Rev. Code Section 5705.39 states that total appropriations from each fund shall not exceed the total estimated resources.

During 1999, the Village's appropriations exceeded the total estimated resources in the General and Water Funds by \$7,321 and \$882, respectively.

We recommend the Village post appropriations to the appropriations ledger only after the County Auditor certifies that appropriations do not exceed total estimated resources.

Finding Number	1999-31064-004
-----------------------	-----------------------

Noncompliance Citation and Material Weakness

Ohio Admin. Code Section 117-5-10 prescribed the method by which the receipts ledger should have been maintained during this audit period.

A receipts ledger was not maintained by the Village. As a result, there was no method established whereby Village management could compare budgeted receipts to actual receipts and file any amended certificates of estimated resources when needed. Had such comparisons been made, management could have detected the numerous posting errors made to improper accounts and/or funds concerning property taxes and intergovernmental revenues. Although Village management agrees with the audit adjustments and such adjustments have been made to the Village's records, a comparison of budgeted receipts to actual receipts may have eliminated the need for our audit adjustments. A comparison by management may have also detected that two warrants, in the total amount of \$602, issued by the State of Ohio to the Village, were never deposited to the credit of the Village and were subsequently voided due to their stale dates.

We recommend budgeted and actual receipts be posted to the receipts ledger as recommended in Ohio Admin. Code Section 117-2-02(D)(2)(effective July 1, 2000), and as previously required by Ohio Admin. Code Section 117-5-10, to provide useful monthly budget vs. actual comparisons to assist management in monitoring Village operations. We also recommend Village management contact the State of Ohio Department of Taxation to complete the necessary paperwork to have new warrants issued to the Village to replace the voided warrants. Management should consider applying for the electronic transfer of funds from the State of Ohio.

**VILLAGE OF GLENFORD
PERRY COUNTY**
**SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998
(Continued)**

Finding Number	1999-31064-005
-----------------------	-----------------------

Material Weakness

The small size of the Village's staff did not allow for an adequate segregation of duties and the Clerk-Treasurer performed all accounting functions. Prior to the Clerk-Treasurer's payment of bills, Council members were to approve vouchers. However, our review indicated that invoices or other supporting documentation were not always attached to vouchers. In addition, for four months during 1999, Council members signed vouchers prior to the vouchers having supporting documentation attached. There was no evidence to indicate that Council members reviewed cancelled checks for those expenditures where vouchers were pre-signed and there were two cancelled checks were not presented for audit.

These procedures could allow improper expenditures to be made without being detected by Village Council. Since cancelled checks are public records, the inability to locate two cancelled checks may indicate noncompliance with laws governing the retention of public records. Cancelled checks are also needed for future reference purposes, including use during audits.

We recommend the Village Clerk-Treasurer prepare a voucher for each invoice to be paid. The original invoice and purchase order should be attached to the voucher. Once Council (or its designated committee) has reviewed the voucher contents, Council members should sign the voucher indicating their approval for payment. Voucher numbers should correspond to check numbers for future reference purposes. Council should also consider requiring dual signatures on checks, since the segregation of duties obtained with separate clerk and treasurer positions is not present with a combined clerk-treasurer's position. All cancelled checks should be retained according to records retention laws.

Finding Number	1999-31064-006
-----------------------	-----------------------

Material Weakness

The Clerk-Treasurer did not prepare monthly bank reconciliations that included total fund balances being reconciled to total deposits and investments, detailing outstanding checks and any other reconciling items.

As a result, we performed detailed reconciliations in order to gain assurances over the Village's financial activity. Without a detailed reconciliation, errors could occur without being detected in a timely manner and the governing board may not be aware of total cash and investment balances.

We recommend the Clerk-Treasurer prepare detailed bank reconciliations that include all deposits and investments being reconciled to total fund balances. Copies of bank reconciliations should be presented to the Village Council for Council's review and use in managing the Village affairs.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

VILLAGE OF GLENFORD

PERRY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 28, 2000**