

**VILLAGE OF GLENFORD**  
**ANNUAL REPORT**  
**YEARS ENDED DECEMBER 31, 2005 AND 2004**

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





**Auditor of State  
Betty Montgomery**

Village Council  
Village of Glenford  
P.O. Box 22  
Glenford, OH 43739

We have reviewed the *Independent Auditors' Report* of the Village of Glenford, Perry 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 Glenford is responsible for compliance with these laws and regulations.

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

BETTY MONTGOMERY  
Auditor of State

May 30, 2006

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**VILLAGE OF GLENFORD  
PERRY COUNTY**

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

**INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying financial statements of Village of Glenford, Perry 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 Village of Glenford'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 of Village of Glenford, Perry 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.

Village of Glenford  
Independent Auditors' Report  
Page Two

The aforementioned revision to generally accepted accounting principles also require the Village to include Management's Discussion and Analysis for the year 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 April 14, 2006, on our consideration of Village of Glenford'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  
April 14, 2006

**VILLAGE OF GLENFORD  
PERRY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUNDS  
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	\$ 13,590	\$ 2,805	\$ 16,395
Intergovernmental Receipts	383	11,666	12,049
Earnings on Investments	209	217	426
Miscellaneous	1,090	2,061	3,151
<b>Total Cash Receipts</b>	<b>15,272</b>	<b>16,749</b>	<b>32,021</b>
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	1,757	-	1,757
Leisure Time Activities	-	6,397	6,397
Community Environment	-	-	-
Transportation	-	7,445	7,445
General Government	13,208	-	13,208
<b>Total Cash Disbursements</b>	<b>14,965</b>	<b>13,842</b>	<b>28,807</b>
Total Cash Receipts Over/(Under) Cash Disbursements	307	2,907	3,214
Fund Cash Balance, January 1	3,142	68,291	71,433
<b>Fund Cash Balance, December 31</b>	<b>\$ 3,449</b>	<b>\$ 71,198</b>	<b>\$ 74,647</b>

See notes to financial statements.



**VILLAGE OF GLENFORD  
PERRY COUNTY**

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

	Proprietary Fund Type
	Enterprise
<b>Operating cash Receipts:</b>	
Charges for Services	\$ 64,385
Total Operating Cash Receipts	64,385
<b>Operating Cash Disbursements:</b>	
Personal Services	3,946
Fringe Benefits	110
Contractual Services	8,876
Supplies and Materials	39,570
Total Operating Cash Disbursements	52,502
Operating Income/(Loss)	11,883
<b>Non-Operating Cash Disbursements:</b>	
Debt Service	9,853
Total Non-Operating Cash Disbursements	9,853
Net Receipts Over/(Under) Disbursements	2,030
Fund Cash Balances, January 1	12,294
<b>Fund Cash Balances, December 31</b>	<b>\$ 14,324</b>

See notes to financial statements.

**VILLAGE OF GLENFORD  
PERRY COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUNDS  
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	\$ 11,640	\$ 2,665	\$ 14,305
Intergovernmental Receipts	306	7,453	7,759
Earnings on Investments	216	225	441
Miscellaneous	-	54,599	54,599
<b>Total Cash Receipts</b>	<b>12,162</b>	<b>64,942</b>	<b>77,104</b>
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	2,214	164	2,378
Leisure Time Activities	-	46,452	46,452
Transportation	-	18,860	18,860
General Government	17,668	-	17,668
<b>Total Cash Disbursements</b>	<b>19,882</b>	<b>65,476</b>	<b>85,358</b>
Total Cash Receipts Over/(Under) Cash Disbursements	(7,720)	(534)	(8,254)
Fund Cash Balance, January 1	10,862	68,825	79,687
<b>Fund Cash Balance, December 31</b>	<b>\$ 3,142</b>	<b>\$ 68,291</b>	<b>\$ 71,433</b>

See notes to financial statements.

**VILLAGE OF GLENFORD  
PERRY COUNTY**

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

	Proprietary Fund Type
	Enterprise
<b>Operating cash Receipts:</b>	
Charges for Services	\$ 61,665
Total Operating Cash Receipts	61,665
<b>Operating Cash Disbursements:</b>	
Personal Services	600
Fringe Benefits	120
Contractual Services	7,062
Supplies and Materials	46,366
Total Operating Cash Disbursements	54,148
Operating Income/(Loss)	7,517
<b>Non-Operating Cash Disbursements:</b>	
Debt Service	9,853
Total Non-Operating Cash Disbursements	9,853
Net Receipts Over/(Under) Disbursements	(2,336)
Fund Cash Balances, January 1	14,630
<b>Fund Cash Balances, December 31</b>	<b>\$ 12,294</b>

See notes to financial statements.

**VILLAGE OF GLENFORD  
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Glenford, Perry County (the Village), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member council. The Village provides water and sewer utilities, park operations, 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:

**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. It also receives donations to fund park operations. There are no park fees.

**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 money for constructing, maintaining and repairing Village streets.

**VILLAGE OF GLENFORD  
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS**

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

**D. Fund Accounting (Continued)**

**State Highway Fund** – This fund receives gasoline tax money for maintaining and repairing state highways within the village.

**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.

**E. Budgetary Process**

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

**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.

**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.

**Encumbrances**

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

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

**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**

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

The Village maintains a cash and investment 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:

	2005	2004
Demand Deposits	\$ 74,647	\$ 71,433

**Deposits:** Deposits were insured up to \$100,000 by the Federal Deposit Insurance Corporation and by collateral pledged by the financial institution.

**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	\$ 11,701	\$ 15,272	\$ 3,571
Special Revenue	2,850	16,749	13,899
Enterprise	64,000	64,385	385
Total	\$ 78,551	\$ 96,406	\$ 17,855

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 10,180	\$ 14,965	\$ (4,785)
Special Revenue	4,000	13,842	(9,842)
Enterprise	63,070	62,355	715
Total	\$ 77,250	\$ 91,162	\$ (13,912)

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 13,350	\$ 12,162	\$ (1,188)
Special Revenue	2,850	64,942	62,092
Enterprise	60,000	61,665	1,665
Total	\$ 76,200	\$ 138,769	\$ 62,569

**VILLAGE OF GLENFORD  
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS**

**3. BUDGETARY ACTIVITY (Continued)**

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 11,130	\$ 19,882	\$ (8,752)
Special Revenue	3,900	65,476	(61,576)
Enterprise	6,688	64,001	(57,313)
Total	\$ 21,718	\$ 149,359	\$ (127,641)

**Compliance and Accountability:**

Contrary to 5704.41(B), all funds had expenditures greater than appropriations except for the Water Fund in 2005.

**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.

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to 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, 2005:

	Principal	Interest Rate
Ohio Public Works Commission Loan	\$ 98,682	4.56%
Ohio Water Development Authority	\$ 8,145	0.00%

The Ohio Public Works Commission (OPWC) loan relates to a project through the Ohio Small Government Capital Improvements Commission for a new water storage and distribution system to be connected to the Northern Perry County Water District. The OPWC 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 Village borrowed the full \$150,000. The loan is collateralized by utility revenue.

**VILLAGE OF GLENFORD  
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS**

**5. DEBT (Continued)**

The Village has a loan financed through the Ohio Water Development Authority (OWDA) which relates to a planning loan used to assist with the costs of detail engineering plans for a new wastewater collection system. The OWDA has approved up to \$50,000 in loans to the Village for this project. The zero interest loan will be repaid in annual installments of \$5,000 over 10 years, with the first payment being made in 2001. The Village borrowed \$20,000. The loan has been collateralized with projected utility receipts.

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

<u>Year Ending December 31</u>	<u>Water OPWC Loan</u>	<u>Wastewater OWDA Loan</u>	<u>Totals</u>
2006	\$ 9,853	\$ -	\$ 9,853
2007	9,853	-	9,853
2008	9,853	-	9,853
2009	9,853	-	9,853
2010	9,853	8,145	17,998
Subsequent	68,972	-	68,972
Total	<u>\$ 118,237</u>	<u>\$ 8,145</u>	<u>\$ 126,382</u>

**6. RETIREMENT SYSTEMS**

The Village's elected 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 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 and 2004, PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants gross salaries for the periods January 1, 2005 through December 31, 2005 and January 1, 2004 through December 31, 2004. 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.

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



**VILLAGE OF GLENFORD  
PERRY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS**

**6. RISK MANAGEMENT (Continued)**

**Risk Pool Membership**

The Village belongs to the Ohio Municipal Joint Self-Insurance Pool, (the "Pool"), an unincorporated non-profit association available to municipal corporations and their instrumentalities. Pursuant to Section 2744.081 of the Ohio Revised Code, the Pool is deemed a separate legal entity. The Pool provides a program of property and casualty insurance for its members. The Pool pays judgments, settlements and other expenses resulting for covered claims that exceed the members' deductible.

The Pool cedes reinsurances or excess reinsurers. The Pool is contingently liable should any reinsurer become unable to meet its obligations under the reinsurance agreements. The Pool's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained (deficit) earnings at December 31, 2004 and 2003 (the latest information available):

	<u>2004</u>	<u>2003</u>
Assets	\$ 2,390,150	\$ 1,811,340
Liabilities	<u>(3,424,271)</u>	<u>(3,653,152)</u>
Retained (deficit) earnings	<u>\$ (1,034,121)</u>	<u>\$ (1,841,812)</u>

**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 STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited the financial statements of the Village of Glenford as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated April 14, 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 Glenford'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. However, we noted instances involving the internal control over financial reporting and its operation that we consider to be a reportable condition. 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 of Glenford'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 2005-01, 2005-02, and 2005-03.

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 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. 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, reportable conditions 2005-01 and 2005-02 described above are considered to be material weaknesses. We also noted other matters involving internal control over financial reporting that we have reported to management in a separate letter dated April 14, 2006.

### **Compliance**

As part of obtaining reasonable assurance about whether the Village of Glenford'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 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* and which are described in the accompanying Schedule of Findings as items 2005-01 and 2005-02. We also noted certain immaterial instances of noncompliance which we have reported to management of Village of Glenford in a separate letter dated April 14, 2006.

This report is intended for the information 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.

**Wolfe, Wilson, & Phillips, Inc.**  
Zanesville, Ohio  
April 14, 2006

**VILLAGE OF GLENFORD  
PERRY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2005 AND 2004**

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

**FINDING NUMBER 2005-01**

**Noncompliance Citation and Material Weakness**

Ohio Revised Code Section 5705.41(D), states that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation 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. This certificate need be signed only by the Village Clerk. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

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

- A. Then and Now Certificates – This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that the fiscal officer is completing the certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.
- B. If the amount involved is less than \$3,000 dollars the Village Clerk may authorize payment through a Then and Now Certificate without affirmation of the Village Council, if such expenditure is otherwise valid.

The Village's fiscal officer did not certify funds during the audit period either before or after a commitment was incurred. Failure to certify funds could result in deficit spending.

We recommend purchase orders 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.

**VILLAGE OF GLENFORD  
PERRY COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2005 AND 2004**

<i><b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b></i>
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**FINDING NUMBER 2005-02**

**Noncompliance Citation and Material Weakness**

Oho Administrative Code 117-2-02 states that all public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions and prepare financial statements.

The Clerk-Treasurer did establish a receipts ledger, appropriation ledger, and cash ledger on spreadsheets. All activity on the receipts ledger and appropriation ledger should be recorded on the cash ledger to maintain the cash balances on a monthly basis. We noted during testing that some items posted on the receipts and appropriation ledgers were not posted on the cash ledger and some items on the cash ledger were not posted on the receipts or appropriation ledgers. Also the receipts and appropriation ledgers need to indicate what account (within the fund) the transaction should be posted to. The receipts and appropriation ledgers should also indicate the budgeted amounts so that the Village can provide monthly budget vs. actual information to the Village Council. Improvements have been made since the prior audit in this area, however, more need to be made to comply with this Ohio Administrative Code.

We recommend the Village to continue using the receipts ledger, appropriations ledger, and cash ledger and apply the provisions above in regards to account detail and budget information. We also recommend that the Clerk check the posting to all ledgers to make sure that all information is recorded on all appropriate ledgers.

**FINDING NUMBER 2005-03**

**Reportable Condition**

The Village Clerk did not present financial reports or bank reconciliations to Village Council for review. Without formally designating which reports the Clerk is to present, and when these reports are to be presented and reviewed by Council, Council may not be fully aware of the financial status of the Village. This may also lead to Council being unaware of items such as long outstanding checks, which may need to be brought to Council's attention so further action may be taken.

We recommend the Clerk prepare monthly financial reports which include budget vs. actual information for revenues and expenditures, as well as reconciliations of bank balances to fund balances. Council should formally review and approve said reports, with Council's approval being noted in the minutes.

**VILLAGE OF GLENFORD  
PERRY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2005 AND 2004**

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)	No	Not Corrected. Cited in current report as 2005-01.
2003-02	Ohio Admin Code 117-2-02	No	Not Corrected. Cited in current report as 2005-02.
2003-03	ORC 5705.38	Yes	Finding No Longer Valid
2003-04	ORC 5705.36	Yes	Finding No Longer Valid
2003-05	Reports and Bank Reconciliations not presented to Council for review	No	Not Corrected. Cited in current report as 2005-03.



**Auditor of State  
Betty Montgomery**

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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  
JUNE 13, 2006**