



OHIO AUDITOR OF STATE
KEITH FABER



VILLAGE OF GLENDALE
HAMILTON COUNTY

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Village of Glendale
Hamilton County
30 Village Square
Glendale, Ohio 45246

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Glendale, Hamilton County, Ohio (the Village) as of and for the years ended December 31, 2018 and 2017.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2018 and 2017, and the respective changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Village of Glendale, Hamilton County as of December 31, 2018 and 2017, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 2, 2019, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Keith Faber
Auditor of State

Columbus, Ohio

October 2, 2019

Village of Glendale, Ohio
Hamilton County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2018

| | General | Special Revenue | Capital Projects | Totals (Memorandum Only) |
|---|--------------------|--------------------|---------------------|--------------------------------|
| Cash Receipts | | | | |
| Property and Other Local Taxes | \$1,880,098 | \$26,584 | \$0 | \$1,906,682 |
| Intergovernmental | 313,043 | 237,856 | 9,322 | 560,221 |
| Charges for Services | 19,290 | 24,581 | 0 | 43,871 |
| Fines, Licenses and Permits | 128,207 | 16,427 | 0 | 144,634 |
| Earnings on Investments | 59,158 | 2,176 | 64,705 | 126,039 |
| Miscellaneous | 0 | 76,611 | 49,771 | 126,382 |
| <i>Total Cash Receipts</i> | <u>2,399,796</u> | <u>384,235</u> | <u>123,798</u> | <u>2,907,829</u> |
| Cash Disbursements | | | | |
| Current: | | | | |
| Security of Persons and Property | 1,138,182 | 143,957 | 0 | 1,282,139 |
| Public Health Services | 6,572 | 0 | 0 | 6,572 |
| Leisure Time Activities | 18,700 | 24,078 | 0 | 42,778 |
| Basic Utility Services | 385,755 | 0 | 0 | 385,755 |
| Transportation | 245,241 | 16,719 | 0 | 261,960 |
| General Government | 479,964 | 12,703 | 0 | 492,667 |
| Capital Outlay | 0 | 109,969 | 713,768 | 823,737 |
| <i>Total Cash Disbursements</i> | <u>2,274,414</u> | <u>307,426</u> | <u>713,768</u> | <u>3,295,608</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>125,382</u> | <u>76,809</u> | <u>(589,970)</u> | <u>(387,779)</u> |
| Other Financing Receipts (Disbursements) | | | | |
| Premium and Accrued Interest on Debt | 0 | 0 | 134,000 | 134,000 |
| Sale of Capital Assets | 22,612 | 0 | 2,500 | 25,112 |
| Transfers In | 0 | 0 | 1,490,635 | 1,490,635 |
| Transfers Out | (1,490,635) | 0 | 0 | (1,490,635) |
| Other Financing Sources | 23,870 | 0 | 11,482 | 35,352 |
| Other Financing Uses | 0 | 0 | (63,271) | (63,271) |
| <i>Total Other Financing Receipts (Disbursements)</i> | <u>(1,444,153)</u> | <u>0</u> | <u>1,575,346</u> | <u>131,193</u> |
| <i>Net Change in Fund Cash Balances</i> | <u>(1,318,771)</u> | <u>76,809</u> | <u>985,376</u> | <u>(256,586)</u> |
| <i>Fund Cash Balances, January 1</i> | <u>2,287,306</u> | <u>974,137</u> | <u>8,230,797</u> | <u>11,492,240</u> |
| Fund Cash Balances, December 31 | | | | |
| Restricted | 0 | 1,050,946 | 0 | 1,050,946 |
| Committed | 0 | 0 | 102,500 | 102,500 |
| Assigned | 189,525 | 0 | 9,113,673 | 9,303,198 |
| Unassigned (Deficit) | 779,010 | 0 | 0 | 779,010 |
| <i>Fund Cash Balances, December 31</i> | <u>\$968,535</u> | <u>\$1,050,946</u> | <u>\$9,216,173</u> | <u>\$11,235,654</u> |

See accompanying notes to the basic financial statements

Village of Glendale, Ohio
Hamilton County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Proprietary and Fiduciary Fund Types
For the Year Ended December 31, 2018

| | Proprietary Fund Types | Fiduciary Fund Types | Totals |
|---|------------------------|----------------------|--------------------|
| | Enterprise | Agency | (Memorandum Only) |
| Operating Cash Receipts | | | |
| Charges for Services | \$1,220,070 | \$0 | \$1,220,070 |
| Fines, Licenses and Permits | 76,575 | 0 | 76,575 |
| <i>Total Operating Cash Receipts</i> | <u>1,296,645</u> | <u>0</u> | <u>1,296,645</u> |
| Operating Cash Disbursements | | | |
| Personal Services | 190,416 | 0 | 190,416 |
| Employee Fringe Benefits | 99,701 | 0 | 99,701 |
| Contractual Services | 296,224 | 0 | 296,224 |
| Supplies and Materials | 41,888 | 0 | 41,888 |
| Other | 906 | 0 | 906 |
| <i>Total Operating Cash Disbursements</i> | <u>629,135</u> | <u>0</u> | <u>629,135</u> |
| <i>Operating Income (Loss)</i> | <u>667,510</u> | <u>0</u> | <u>667,510</u> |
| Non-Operating Receipts (Disbursements) | | | |
| Property and Other Local Taxes | 10 | 0 | 10 |
| Intergovernmental | 152,274 | 0 | 152,274 |
| Special Assessments | 75 | 0 | 75 |
| Capital Outlay | (305,415) | | (305,415) |
| Principal Retirement | (483,732) | 0 | (483,732) |
| Interest and Other Fiscal Charges | (110,454) | 0 | (110,454) |
| Other Financing Sources | 9,588 | 100,057 | 109,645 |
| Other Financing Uses | (40) | (101,037) | (101,077) |
| <i>Total Non-Operating Receipts (Disbursements)</i> | <u>(737,694)</u> | <u>(980)</u> | <u>(738,674)</u> |
| <i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i> | (70,184) | (980) | (71,164) |
| <i>Net Change in Fund Cash Balances</i> | (70,184) | (980) | (71,164) |
| <i>Fund Cash Balances, January 1</i> | <u>1,358,486</u> | <u>34,360</u> | <u>1,392,846</u> |
| <i>Fund Cash Balances, December 31</i> | <u>\$1,288,302</u> | <u>\$33,380</u> | <u>\$1,321,682</u> |

See accompanying notes to the basic financial statements

Village of Glendale, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 - Reporting Entity

The Village of Glendale (the Village), Hamilton County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, general governmental services, street maintenance and repair, park operations, police services and fire protection services. The Village appropriates general fund money to support a volunteer fire department.

Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations

The Village participates in the Public Entities Pool, a public entity risk pool. Note 6 to the financial statements provides additional information for this entity. 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

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The General Fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

Street Construction Maintenance and Repair The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

HCSWD Projects Glendale The Hamilton County Storm Water District (HCSWD) fund account for and reports receipts and disbursements from awarded grants from Hamilton County Storm Water District for designated projects in the Village.

Police Support and SRO Fund The Police Support and SRO Fund accounts for and reports receipts and disbursements of a grant from a private foundation with the specific purpose of funding a school resource officer/police officer of the Village.

Community Fund The Community fund accounts for and reports receipts and disbursements from donations to the Quiet Zone Project, with the specific purpose of funding design and construction of a quiet zone in the Village of Glendale. The Community Fund also accounts for and reports receipts and disbursements for the yearly Glendale Car Show and other public civic events provided by the Village.

Village of Glendale, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project funds:

Village Plan and General Improvement Fund The Village Plan and General Improvement Fund accounts for and reports proceeds and donations to fund building improvements and equipment purchases.

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

Water Fund The Water Fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

Sewer Fund The Sewer Fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

Agency 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.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

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

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

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

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

A summary of 2018 budgetary activity appears in Note 3.

Village of Glendale, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record 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.

The Village values U.S. Treasury Notes, Certificates of Deposits and bonds at cost. Money market mutual funds are recorded at share values.

Capital Assets

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

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.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Village classifies assets as nonspendable when legally or contractually required to maintain the amounts intact.

Restricted Fund balance is 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.

Committed Council can commit amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. Governmental funds other than the general fund report all fund balances as assigned unless they are restricted or committed. In the general fund, assigned amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included 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.

Village of Glendale, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 3 - Budgetary Activity

Budgetary activity for the year ending December 31, 2018 follows:

| 2018 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|--|--|----------|
| Fund Type | Budgetary Receipts from Cert. of Est. Resources (Total Amt. Available Resources less Unencumbered Fund Balance | Actual Receipts from the Financial Statements | Variance |
| General | \$2,406,193 | \$2,446,278 | \$40,085 |
| Special Revenue | 394,510 | 384,235 | (10,275) |
| Capital Projects | 1,540,406 | 1,762,415 | 222,009 |
| Enterprise | 1,454,034 | 1,458,592 | 4,558 |
| Total | 5,795,143 | 6,051,520 | 256,377 |

| 2018 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|---|---|-----------|
| Fund Type | Appropriation Authority from the approved Appropriation Resolution and any amendments made during the period plus Prior Year Carryover Encumbrances | Budgetary Expenditures from the Financial Statements plus Outstanding Encumbrances at Year End | Variance |
| General | \$3,990,053 | \$3,867,815 | \$122,238 |
| Special Revenue | 1,057,807 | 345,581 | \$712,226 |
| Capital Projects | 1,409,810 | 1,361,542 | \$48,268 |
| Enterprise | 1,825,782 | 1,598,295 | 227,487 |
| Total | 8,283,452 | 7,173,233 | 1,110,219 |

Village of Glendale, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 4 – Deposits and Investments

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

| | 2018 |
|--------------------------------|---------------------|
| Demand Deposits | \$2,406,616 |
| Certificates of Deposits | 25,000 |
| Other Time Deposits | <u>707,568</u> |
| Total Deposits | <u>3,139,184</u> |
| Money Market | |
| US Treasury Notes | 1,696,016 |
| FHLB | 499,722 |
| FNMA | 230,000 |
| CDARS | 6,892,414 |
| Municipal Bonds | <u>100,000</u> |
| Total Investments | <u>9,418,152</u> |
| Total Deposits and Investments | <u>\$12,557,336</u> |

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments

The Federal Reserve holds the Village's U.S. Treasury Notes in book-entry form by, in the name of the Village's financial institution. The financial institution maintains records identifying the Village as owner of these securities.

Note 5 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, 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.

Village of Glendale, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 6 - Risk Management

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

The Village insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Insurance Services Group, Inc. (York) functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by York. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2017, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP's financial statements (audited by other auditor's) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2017.

| | <u>2017</u> |
|--------------|--------------|
| Assets | \$44,452,326 |
| Liabilities | (13,004,011) |
| Net Position | \$31,448,315 |

At December 31, 2017 the liabilities above include approximately \$11.8 million of estimated incurred claims payable. The assets above also include approximately \$11.2 million of unpaid claims to be billed. The Pool's membership increased to 527 members in 2017. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2017, the Village's share of these unpaid claims collectible in future years is approximately \$35,000.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

| |
|--|
| <u>2017 Contributions to PEP</u> \$54,954 |
|--|

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP.

Village of Glendale, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

The time period of the information reported is the most recent information available at the time the footnotes were prepared.

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a costsharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. 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, 2018.

Ohio Police and Fire Retirement System

The Village's full-time Police Officers and certified full time Fire Chief belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages and 24% of full-time fire fighters' wages, respectively. The Village has paid all contributions required through December 31, 2018.

Social Security

The Glendale Volunteer Fire Department employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2018.

Note 8 - Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2018. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F is changing its retiree health care model and the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

Village of Glendale, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 9 – Debt

| | <u>Principal</u> | <u>Interest Rate</u> |
|---|--------------------|----------------------|
| Ohio Water Development Authority Loan #4644 | \$3,453,431 | 2.75% |
| Ohio Water Development Authority Loan #6546 | 242,104 | 3.74% |
| Ohio Public Works Commission Loan #CB11K | 262,500 | 0.00% |
| Ohio Public Works Commission Loan #CB08L | 363,748 | 0.00% |
| Ohio Public Works Commission Loan #CB28R | 504,627 | 0.00% |
| Total | <u>\$4,826,410</u> | |

The Village was awarded an Ohio Water Development Loan #4644 in 2009 in the amount of \$6,081,480, for wastewater treatment plant improvements. The loan bears an interest rate of 2.75%, with the final semi-annual payment due July 2028.

The Village was awarded an Ohio Water Development Loan #6546 in 2013 in the amount of \$284,976 for wastewater treatment plant improvements. The loan bears an interest rate of 3.74%, with the final semiannual payment due July 2034.

The Village was awarded an Ohio Public Works Commission Loan #CB11K in 2007 in the amount of \$750,000 for water treatment plant improvements. The loan bears an interest rate of 0.0%, with the final semi-annual payment due January 2022.

The Village was awarded an Ohio Public Works Commission Loan #CB08L in the amount of \$727,496 for water treatment plant improvements. The loan bears an interest rate of 0.0%, with the final semiannual payment due July 2023.

The Village was awarded an Ohio Public Works Commission Loan #CB28R in 2014 in the amount of \$577,500 for wastewater treatment plant improvements. The loan bears an interest rate of 0.0%, with the final semi-annual payment due January 2036.

Amortization

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

| Year Ending December 31: | OWDA Loan #4644 | OWDA Loan #6546 | OPWC Loan #CB11K | OPWC Loan #CB08L | OPWC Loan #CB28R | Total |
|-----------------------------------|-----------------------|---------------------|---------------------|---------------------|---------------------|-----------------------|
| 2019 | \$ 397,355.00 | \$ 20,245.00 | \$ 75,000.00 | \$ 72,750.00 | \$ 28,836.00 | \$ 594,186.00 |
| 2020 | 397,356.00 | 20,245.00 | 75,000.00 | 72,749.00 | 28,836.00 | \$ 594,186.00 |
| 2021 | 397,356.00 | 20,245.00 | 75,000.00 | 72,750.00 | 28,836.00 | \$ 594,187.00 |
| 2022 | 397,356.00 | 20,245.00 | 37,500.00 | 72,749.00 | 28,836.00 | \$ 556,686.00 |
| 2023 | 397,356.00 | 20,245.00 | | 72,750.00 | 28,836.00 | \$ 519,187.00 |
| 2024-2028 | 1,986,780.00 | 101,225.00 | | | 144,179.00 | \$2,232,184.00 |
| 2029-2033 | | 101,225.00 | | | 144,179.00 | \$ 245,404.00 |
| 2034-2036 | | | | | 72,089.00 | \$ 72,089.00 |
| Total | <u>\$3,973,559.00</u> | <u>\$303,675.00</u> | <u>\$262,500.00</u> | <u>\$363,748.00</u> | <u>\$504,627.00</u> | <u>\$5,408,109.00</u> |

Village of Glendale, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 10 – Construction and Contractual Commitments

The Village authorized to enter into contract with John P. Tumlin & Sons, LTD, in the amount of \$237,075 for the Glendale Police Station Remodeling Project, 301 E. Sharon Avenue, after being publicly bid October, 2017. This project was completed in 2018.

The Village authorized to enter into contract with Perkins Carmack Construction LLC, in the amount of \$698,745 for the design build of the Glendale Fire Department Fire Station Addition, 80 E. Sharon Avenue, after being publicly bid July, 2018. This project will be completed in 2019.

Note 11 – Contingent Liabilities

On December 12, 2012, the Village signed a document captioned Director's Final Findings and Orders with the Ohio Department of Environmental Protection (OEPA) Order. The OEPA Order sought compliance with the Village's National Pollution Discharge Elimination System (NPDES) Permit. The Village is in the process of complying with the order and is awaiting final approval from the OEPA. The Village believes that any future actions to achieve compliance will not result in additional material liability to the Village.

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Village of Glendale, Ohio
Hamilton County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2017

| | General | Special Revenue | Capital Projects | Totals (Memorandum Only) |
|---|--------------------|--------------------|---------------------|--------------------------------|
| Cash Receipts | | | | |
| Property and Other Local Taxes | \$1,775,001 | \$25,155 | \$0 | \$1,800,156 |
| Intergovernmental | 368,166 | 252,200 | 52,160 | 672,526 |
| Charges for Services | 16,659 | 42,688 | 0 | 59,347 |
| Fines, Licenses and Permits | 107,374 | 32,219 | 0 | 139,593 |
| Earnings on Investments | 148,093 | 0 | 0 | 148,093 |
| Miscellaneous | 0 | 307,355 | 0 | 307,355 |
| <i>Total Cash Receipts</i> | <u>2,415,293</u> | <u>659,617</u> | <u>52,160</u> | <u>3,127,070</u> |
| Cash Disbursements | | | | |
| Current: | | | | |
| Security of Persons and Property | 1,088,613 | 218,181 | 0 | 1,306,794 |
| Public Health Services | 6,415 | 0 | 0 | 6,415 |
| Leisure Time Activities | 21,584 | 31,229 | 0 | 52,813 |
| Community Environment | 0 | 13,874 | 0 | 13,874 |
| Basic Utility Services | 372,273 | 812 | 0 | 373,085 |
| Transportation | 248,438 | 56,765 | 0 | 305,203 |
| General Government | 444,250 | 1,157 | 10,393 | 455,800 |
| Capital Outlay | 0 | 14,782 | 245,810 | 260,592 |
| <i>Total Cash Disbursements</i> | <u>2,181,573</u> | <u>336,800</u> | <u>256,203</u> | <u>2,774,576</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>233,720</u> | <u>322,817</u> | <u>(204,043)</u> | <u>352,494</u> |
| Other Financing Receipts (Disbursements) | | | | |
| Premium and Accrued Interest on Debt | 0 | 0 | 230 | 230 |
| Transfers In | 0 | 0 | 417,158 | 417,158 |
| Transfers Out | (417,158) | 0 | 0 | (417,158) |
| Other Financing Sources | 25,219 | 5,652 | 0 | 30,871 |
| Other Financing Uses | 0 | (17,599) | 0 | (17,599) |
| <i>Total Other Financing Receipts (Disbursements)</i> | <u>(391,939)</u> | <u>(11,947)</u> | <u>417,388</u> | <u>13,502</u> |
| <i>Net Change in Fund Cash Balances</i> | <u>(158,219)</u> | <u>310,870</u> | <u>213,345</u> | <u>365,996</u> |
| <i>Fund Cash Balances, January 1</i> | <u>2,445,525</u> | <u>663,267</u> | <u>8,017,452</u> | <u>11,126,244</u> |
| Fund Cash Balances, December 31 | | | | |
| Restricted | 0 | 974,137 | 0 | 974,137 |
| Committed | 0 | 0 | 102,500 | 102,500 |
| Assigned | 265,234 | 0 | 8,128,297 | 8,393,531 |
| Unassigned (Deficit) | 2,022,072 | 0 | 0 | 2,022,072 |
| <i>Fund Cash Balances, December 31</i> | <u>\$2,287,306</u> | <u>\$974,137</u> | <u>\$8,230,797</u> | <u>\$11,492,240</u> |

See accompanying notes to the basic financial statements

Village of Glendale, Ohio
Hamilton County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Proprietary and Fiduciary Fund Types
For the Year Ended December 31, 2017

| | Proprietary Fund Types | Fiduciary Fund Types | Totals |
|---|---------------------------|------------------------|---------------------------|
| | Enterprise | Agency | (Memorandum Only) |
| Operating Cash Receipts | | | |
| Charges for Services | \$1,201,565 | \$0 | \$1,201,565 |
| Fines, Licenses and Permits | 127,200 | 0 | 127,200 |
| Miscellaneous | 43,978 | 0 | 43,978 |
| <i>Total Operating Cash Receipts</i> | <u>1,372,743</u> | <u>0</u> | <u>1,372,743</u> |
| Operating Cash Disbursements | | | |
| Personal Services | 171,251 | 0 | 171,251 |
| Employee Fringe Benefits | 95,477 | 0 | 95,477 |
| Contractual Services | 246,708 | 0 | 246,708 |
| Supplies and Materials | 36,030 | 0 | 36,030 |
| <i>Total Operating Cash Disbursements</i> | <u>549,466</u> | <u>0</u> | <u>549,466</u> |
| <i>Operating Income (Loss)</i> | <u>823,277</u> | <u>0</u> | <u>823,277</u> |
| Non-Operating Receipts (Disbursements) | | | |
| Special Assessments | 12,190 | 0 | 12,190 |
| Capital Outlay | (74,599) | 0 | (74,599) |
| Principal Retirement | (475,088) | 0 | (475,088) |
| Interest and Other Fiscal Charges | (118,861) | 0 | (118,861) |
| Other Financing Sources | 4,000 | 104,644 | 108,644 |
| Other Financing Uses | (1,411) | (99,634) | (101,045) |
| <i>Total Non-Operating Receipts (Disbursements)</i> | <u>(653,769)</u> | <u>5,010</u> | <u>(648,759)</u> |
| <i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i> | 169,508 | 5,010 | 174,518 |
| <i>Net Change in Fund Cash Balances</i> | 169,508 | 5,010 | 174,518 |
| <i>Fund Cash Balances, January 1</i> | <u>1,188,978</u> | <u>29,350</u> | <u>1,218,328</u> |
| <i>Fund Cash Balances, December 31</i> | <u><u>\$1,358,486</u></u> | <u><u>\$34,360</u></u> | <u><u>\$1,392,846</u></u> |

See accompanying notes to the basic financial statements

Village of Glendale, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 1 - Reporting Entity

The Village of Glendale (the Village), Hamilton County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general governmental services, street maintenance and repair, water and sewer utilities, park operations, police services and fire protection services.

Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations

The Village participates in the Public Entities Pool, a public entity risk pool. Note 6 to the financial statements provides additional information for this entity.

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

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The General Fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

Street Construction Maintenance and Repair The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

HCSWD Projects Glendale The Hamilton County Storm Water District (HCSWD) fund accounts for and reports receipts and disbursements from awarded grants from Hamilton County Storm Water District for designated projects in the Village.

Police Support and SRO Fund The Police Support and SRO Fund accounts for and reports receipts and disbursements of a grant from a private foundation with the specific purpose of funding a school resource officer/police officer of the Village.

Community Fund The Community Fund accounts for and reports receipts and disbursements from donations to the Quiet Zone Project, with the specific purpose of funding design and construction of a quiet zone in the Village of Glendale. The Community Fund also accounts for and reports receipts and disbursements for the yearly Glendale Car Show and public civic events provided by the village.

Village of Glendale, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Project funds:

Village Plan and General Improvement Fund The Village Plan and General Improvement Fund accounts for and reports proceeds and donations to fund building improvements and equipment purchases.

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

Water Fund The Water Fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village. This fund receives charges for services from residents to cover water service costs.

Sewer Fund The Sewer Fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village. This fund receives charges for services from residents to cover sewer service costs.

Fiduciary Funds Fiduciary funds include agency funds, which are purely custodial in nature and 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's agency funds account for Mayor's Court activity and Unclaimed Funds.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

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

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

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

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

A summary of 2017 budgetary activity appears in Note 3.

Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record 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.

The Village values certificates of deposit, U.S. Treasury notes and bonds at cost. Money market mutual funds are recorded at share values the mutual funds report.

Capital Assets

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

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.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Village classifies assets as nonspendable when legally or contractually required to maintain the amounts intact.

Restricted Fund balance is 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.

Committed Council can commit amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as restricted or committed. Governmental funds other than the general fund report all fund balances as assigned unless they are restricted or committed. In the general fund, assigned amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included 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.

Village of Glendale, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 3 - Budgetary Activity

Budgetary activity for the year ending December 31, 2017 follows:

| 2017 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|---|--|-----------|
| Fund Type | Budgetary Receipts from Cert. of Est. Resources (Total Amt. Available Resources less Uncumbered Fund Balance | Actual Receipts from the Financial Statements | Variance |
| General | \$2,391,086 | \$2,440,512 | \$49,426 |
| Special Revenue | 617,911 | 665,269 | 47,358 |
| Capital Projects | 621,908 | 469,548 | (152,360) |
| Enterprise | 1,310,078 | 1,388,933 | 78,855 |
| Fiduciary | 2,000 | - | (2,000) |
| Total | 4,942,983 | 4,964,262 | 21,279 |

| 2017 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|--|---|-----------|
| Fund Type | Appropriation Authority from the approved Appropriation Resolution and any amendments made during the period plus Prior Year Carryover Encumbrances | Budgetary Expenditures from the Financial Statements plus Outstanding Encumbrances at Year End | Variance |
| General | \$2,811,860 | \$2,651,934 | \$159,926 |
| Special Revenue | 861,759 | 405,037 | \$456,722 |
| Capital Projects | 882,247 | 443,658 | \$438,589 |
| Enterprise | 1,545,095 | 1,354,207 | 190,888 |
| Fiduciary | 2,000 | - | 2,000 |
| Total | 6,102,961 | 4,854,836 | 1,248,125 |

Village of Glendale, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 4 — Deposits and Investments

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

| | 2017 |
|--------------------------------|--------------|
| Demand Deposits | \$3,264,073 |
| Certificates of Deposits | 1,325,000 |
| Other Time Deposits | 1,495,806 |
| Total Deposits | 6,084,879 |
| Money Market | 6,831 |
| US Treasury Notes | 1,885,898 |
| FHLB | 499,722 |
| FNMA | 249,543 |
| CDARS | 4,058,213 |
| Municipal Bonds | 100,000 |
| Total Investments | 6,800,207 |
| Total Deposits and Investments | \$12,885,086 |

Deposits

Deposits are insured by the Federal Depository Insurance Corporation and collateralized by the financial institution's public entity deposit pool.

Investments

A financial institution's trust department holds the Village's equity securities in book entry form in the Village's name.

Note 5 — Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax 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 semiannually, 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 6 - Risk Management

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. Burnham & Flower Insurance Group. (BF) functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, end reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also

Village of Glendale, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2017

administered by Burnham. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31 2016, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP's financial statements (audited by other auditor's) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2016 and 2015:

| | <u>2016</u> | <u>2015</u> |
|--------------|---------------------|---------------------|
| Assets | \$42,182,281 | \$38,307,677 |
| Liabilities | <u>(13,396,700)</u> | <u>(12,759,127)</u> |
| Net Position | <u>28,785,581</u> | <u>25,548,550</u> |

At December 31, 2016 and 2015, respectively, the liabilities above include approximately \$12 million and \$11.5 million of estimated incurred claims payable. The assets above also include approximately \$11.5 million and \$11.0 million of unpaid claims to be billed. The Pool's membership increased from 520 members in 2016 to 499 members in 2015. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2016, the Village's share of these unpaid claims collectible in future years is approximately \$35,000.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

| <u>Contributions to PEP</u> |
|---------------------------------|
| <u>2016</u> |
| 54,797 |

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

Village of Glendale, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 7 — Retirement Systems

The Village's full-time Police Officers and full-time Fire Chief belong to the Ohio 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 postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F members contributed 12.25% of their gross salaries and the Village contributed an amount equaling 19.5% of participants' gross salaries for full-time police officers and 24% for the full-time Fire Chief.

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, 2017.

Social Security

The Glendale Volunteer Fire Department employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2017.

Note 8 – Debt

Debt outstanding at December 31, 2017 was as follows:

| | Principal | Interest Rate |
|---|-------------|---------------|
| Ohio Water Development Authority Loan #4644 | \$3,749,693 | 2.75% |
| Ohio Public Works Commission Loan #CB11K | 337,500 | 0.00% |
| Ohio Public Works Commission Loan #CB08L | 436,498 | 0.00% |
| Ohio Water Development Authority Loan #6546 | 252,987 | 3.74% |
| Ohio Public Works Commission Loan #CB28R | 533,463 | 0.00% |
| Total | 5,310,141 | |

The Village was awarded an Ohio Water Development Authority Loan #4644 in 2009 in the amount of \$6,081,480 for wastewater treatment plant improvements. The loan bears an interest rate of 2.75%, with the final semi-annual payment due in July 2028.

The Village was awarded an Ohio Public Works Commission Loan #CB11K in 2007 in the amount of \$750,000 for water treatment plant improvements. The loan bears an interest rate of 0.0%, with the final semi-annual payment due in January 2022.

The Village was awarded an Ohio Public Works Commission Loan #CB08L in the amount of \$727,496 for water treatment plant improvements. The loan bears an interest rate of 0.0%, with the final semiannual payment due in July 2023.

The Village was awarded an Ohio Public Works Commission Loan #CB28R in 2014 in the amount of \$577,500 for wastewater treatment plant improvements. The loan bears an interest rate of 0.0%. A final with the final semi-annual payment due January 2036.

Village of Glendale, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2017

The Village was awarded an Ohio Water Development Authority Loan #6546 in 2013 in the amount of \$284,976 for wastewater treatment plant improvements. The loan bears an interest rate of 3.74%, with the final semi-annual payment due July 2034.

Amortization

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

| Year Ending December 31: | OWDA Loan #4644 | OWDA Loan #6546 | OPWC Loan #CB11K | OPWC Loan #CB08L | OPWC Loan #CB28R | Total |
|-----------------------------|--------------------|--------------------|------------------------|------------------------|------------------------|--------------------|
| 2018 | \$397,355 | \$20,245 | \$75,000 | \$72,750 | \$28,836 | \$594,186 |
| 2019 | 397,356 | 20,245 | 75,000 | 72,749 | 28,836 | \$594,186 |
| 2020 | 397,356 | 20,245 | 75,000 | 72,750 | 28,836 | \$594,187 |
| 2021 | 397,356 | 20,245 | 75,000 | 72,749 | 28,836 | \$594,186 |
| 2022 | 397,356 | 20,245 | 37,500 | 72,750 | 28,836 | \$556,687 |
| 2023-2027 | 1,986,780 | 101,225 | | 72,750 | 144,179 | \$2,304,934 |
| 2028-2032 | 397,565 | 101,225 | | | 144,179 | \$642,969 |
| 2033-2036 | | 40,490 | | | 100,925 | \$141,415 |
| Total | <u>\$4,371,124</u> | <u>\$344,165</u> | <u>\$337,500</u> | <u>\$436,498</u> | <u>\$533,463</u> | <u>\$6,022,750</u> |

Note 9 — Contingent Liabilities

On December 18, 2012, the Village of Glendale signed a document captioned Director's Final Findings and Orders with the Ohio Department of Environmental Protection (OEPA Order). The OEPA Order sought compliance with the Village's National Pollution Discharge Elimination System (NPDES) Permit. The Village is in the process of complying with the order and is awaiting final approval from the OEPA. The Village believes that any future actions to achieve compliance will not result in additional material liability to the Village.

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.



Corporate Centre of Blue Ash
11117 Kenwood Road
Blue Ash, Ohio 45242-1817
(513) 361-8550 or (800) 368-7419
SouthwestRegion@ohioauditor.gov

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Village of Glendale
Hamilton County
30 Village Square
Glendale, Ohio 45246

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Glendale, Hamilton County, (the Village) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, and have issued our report thereon dated October 2, 2019 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider a material weakness and a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. We consider finding 2018-001 described in the accompanying schedule of findings to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2018-002 described in the accompanying schedule of findings to be a significant deficiency.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2018-003.

Village's Response to Findings

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Village's responses and, accordingly, we express no opinion on them.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State

Columbus, Ohio

October 2, 2019

**VILLAGE OF GLENDALE
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2018 and 2017**

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

FINDING 2018-001

Material Weakness – Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Additionally, fund balance for governmental funds should be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent as outlined in Governmental Accounting Standards Board (GASB) Statement No. 54.

Due to deficiencies in the Village's internal controls over financial reporting, the following conditions related to the Village's financial statements were identified:

- The Village did not report the Mayor's Court receipts, disbursements, and fund balances on the 2017 and 2018 financial statements. For 2017, the Mayor's Court Agency Fund had a beginning fund balance of \$29,350, Non-Operating cash receipts of \$104,644, Non-Operating cash disbursements of \$99,634, and Ending Fund Balance of \$34,360. For 2018, the Mayor's Court Agency Fund had Beginning Fund Balance of \$34,360, Non-Operating cash receipts of \$100,057, Non-Operating cash disbursements of \$101,037, and Ending Fund Balance of \$33,380.
- Assigned Fund Balance in the General fund totaling \$53,203 for 2017 and \$102,766 for 2018 was incorrectly posted to Committed Fund Balance.
- Assigned Fund Balance in the General Fund totaling \$212,031 for 2017 and \$86,759 for 2018 was incorrectly posted to Unassigned Fund Balance.
- Restricted Fund balance in the Special Revenue Funds totaling \$50,638 for 2017 and \$38,156 for 2018 was incorrectly posted to Committed Fund Balance.
- Assigned Fund Balance in the Capital Projects Funds totaling \$84,955 for 2017 and \$545,273 for 2018 was incorrectly posted to Committed Fund Balance.
- Ohio Public Works Commission receipts totaling \$152,274 in the Enterprise Funds were incorrectly posted to Other Debt Proceeds instead of Intergovernmental Receipts for 2018.

The financial statements have been adjusted for these errors. In addition to the adjustments listed above, we also identified additional misstatements ranging from \$169 to \$43,165 that we have brought to the Village's attention.

The Village did not have procedures in place for effective monitoring of the Village's financial activity, and the accuracy of accounting and financial reporting. The Village Fiscal Officer has sole responsibility over accounting and reporting. Due to the small size of the Village, it is important that Council take an active role in monitoring the posting of such activity. Failure to accurately post financial activity and monitor financial activity increases the risk that errors, theft and fraud could occur and not be detected in a timely manner.

**FINDING 2018-001
(Continued)**

Due care should be exercised when posting entries to the financial records and financial statement preparation. The Village officials should review the chart of accounts to assure that items are being posted to the proper account codes and funds, and update control procedures for review of financial activity so that errors can be detected and corrected in a timely manner.

Officials' Response:

With regards to the Mayor's Court findings, activities will be reflected in future financial statements and the Village Administrator's office will now review all receipts and disbursements to insure distributions are effected in a timely matter.

Concerning the Fund Balance items, we were provided spreadsheets used to calculate and determine how the fund balance should be classified. This calculation method will be used going forward when preparing the Annual Financial Statement.

With regards to the OPWC posting, it was our interpretation that it was correct at the time. We now stand corrected and understand the difference going forward.

We take great pride in our financial accounting and are receptive to constructive feedback in how we can improve our operations with each audit. Our Council remains involved at a level that is likely higher than most municipalities and receives comprehensive reports each month, allowing their review and acceptance during each Council meeting.

FINDING 2018-002

Significant Deficiency – Budgetary Posting

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Sound accounting practices require accurately posting estimated receipts and appropriations to the ledgers to provide information for budget versus actual comparison and to allow the Council to make informed decisions regarding budgetary matters.

The Appropriation resolution and subsequent amendments establish the legal spending authority of the Village and the appropriation ledger provides the process by which the Village controls spending, it is therefore necessary the amounts appropriated by the Council are precisely stated and accurately posted to the appropriation ledger and financial statement footnotes.

The original certificate and amendments establish the amounts available for expenditures for the Village and the receipts ledger provides the process by which the Village controls what is available, it is therefore necessary the amounts estimated by the County Budget Commission are posted accurately to the receipts ledger and financial statement footnotes.

The Village did not have procedures in place to accurately post authorized budgetary measures to the accounting system and financial statement footnotes. We identified the following conditions:

- The appropriations and amendments thereof approved by Council were not properly posted to the accounting system as follows:

**FINDING 2018-002
(Continued)**

| Fund | Per Appropriation Resolutions | Amount Posted to System | Variance |
|--|-------------------------------|-------------------------|------------|
| 101 General Fund - 2017 | \$2,774,881 | \$2,784,881 | (\$10,000) |
| 101 General Fund - 2018 | 3,936,850 | 3,990,053 | (53,203) |
| 201 Motor Vehicle License Tax - 2018 | 284,600 | 303,818 | (19,218) |
| 217 Police Support and SRO Fund - 2018 | 100,000 | 102,043 | (2,043) |
| 601 Water Works Fund - 2018 | 625,343 | 677,081 | (51,738) |
| 404 Village Plan & Gen Improvement Fund - 2018 | 862,652 | 865,205 | (2,553) |

- The appropriations and amendments thereof approved by Council were not properly posted to the 2017 financial statement footnotes as follows:

| Fund Type | Per Appropriation Resolutions Plus Carryover Appropriations | Amount Posted to Footnotes | Variance |
|------------------------|---|----------------------------|-----------|
| Special Revenue Funds | \$861,759 | \$840,259 | \$21,500 |
| Capital Projects Funds | 882,247 | 690,167 | 192,080 |
| Enterprise Funds | 1,545,095 | 1,735,415 | (190,320) |

- Additionally, the approved Certificate of Estimated Resources and amendments thereof was not properly posted to the 2017 financial statement footnotes as follows:

| Fund Type | Per Certificate of Estimated Resources | Amount Posted to Footnotes | Variance |
|------------------------|--|----------------------------|-----------|
| Special Revenue Funds | \$617,911 | \$617,511 | \$400 |
| Capital Projects Funds | 621,908 | 457,658 | 164,250 |
| Enterprise Funds | 1,310,078 | 1,474,328 | (164,250) |

The financial statement footnotes have been corrected for these errors.

Failure to accurately post the appropriations and estimated resources could result in overspending, negative cash balances, and inaccurate reporting of the budgetary information in the financial statements.

To effectively control the budgetary cycle and to maintain accountability over receipts and expenditures, the Village should post to the ledgers, on a timely basis, estimated resources as certified by the budget commission and appropriations approved by the Council. The Village should then monitor budget versus actual reports to help ensure amended certificates of resources and appropriations have been properly posted to the ledgers and the financial statement footnotes.

Officials' Response:

With the exception of the \$2,774,881/\$2,784,881 posting, which was a typo/error, the variances (differences) are the encumbrances. We will work to amend this practice.

Our working with the footnotes has been difficult via the Ohio online system and our accounting system. Your services were contracted to make the correct postings. Looking forward, we will explore additional training in our ability to make accurate footnote reporting.

FINDING 2018-003

Noncompliance - Mayor's Court

Ohio Rev. Code § 1907.24(C), 2303.201(C), 2743.70(A)(2), 2949.091(A)(1)(b), 2949.091(A)(2)(b), 2949.091(B), and 3109.14(B)(2) state that all moneys collected during a month and owed to the state shall be transmitted on or before the twentieth day of the following month by the clerk of the court to the treasurer of the state.

Contrary to the above requirements the Mayor's Court collected fines totaling \$1,684 which had not been remitted to the Treasurer of State. Furthermore, distributions to the Treasurer of State were not made in a timely manner for one month in 2017 and two months in 2018. These errors occurred because the Village did not properly record and monitor court receipts to ensure the proper remittances were made to the Treasurer of State. The Village owes \$1,684 to the State of Ohio Treasury:

- \$810 to the drug law enforcement fund;
- \$280 to the indigent defense support fund;
- \$504 to the victims of crime reparations fund;
- \$60 to the child safety restraint fund; and
- \$30 to the seat belt fines fund.

To prevent future occurrences of the noncompliance identified in the audit finding, the Village should remit fines collected by the Mayor's Court, to the Treasurer of State in a timely manner. The Village remitted \$1,684 via check number 1689 on August 7, 2019 to Treasurer State of Ohio.

This matter will be referred to the Treasurer of State's Office.

Officials' Response:

The Police Clerk assigned to the monthly task of disbursement failed to make timely payments on two occasions, which is being addressed by discussions with him. In addition to direct discussions, the Village has added review by his supervisor, the Chief of Police, of the Clerk's monthly processing and disbursement of future receipts.



VILLAGE of GLENDALE

GLENDALE, OHIO 45246

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

DECEMBER 31, 2018 AND 2017

| Finding Number | Finding Summary | Status | Additional Information |
|-----------------------|--|---------------|-------------------------------|
| 2018-001 | Internal controls over Financial Reporting audit adjustments | No | Reissued as Finding 2018-001 |

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OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF GLENDALE

HAMILTON 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 7, 2019**