



**Auditor of State  
Betty Montgomery**



VILLAGE OF GLENDALE  
HAMILTON COUNTY

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Glendale, Hamilton County, Ohio (the Village), as of and for the years ended December 31, 2002 and 2001. 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 discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 2002 and 2001, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 10, 2003 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. 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.

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

July 10, 2003

**VILLAGE OF GLENDALE  
HAMILTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
<b>Cash Receipts:</b>						
Property Tax and Other Local Taxes	\$1,075,406	\$0	\$146,074	\$157,137	\$21,170	\$1,399,787
Special Assessments				59		59
Intergovernmental Receipts	366,880	134,304	18,883	43,602	2,998	566,666
Charges for Services	3,410	9,158				12,568
Fines, Licenses, and Permits	91,187	5,793				96,980
Earnings on Investments	79,425	9,029		24		88,477
Miscellaneous	56,297	7,966		8,707	47,249	120,220
<b>Total Cash Receipts</b>	<b>1,672,605</b>	<b>166,250</b>	<b>164,957</b>	<b>209,528</b>	<b>71,417</b>	<b>2,284,757</b>
<b>Cash Disbursements:</b>						
Current:						
Security of Persons and Property	718,374	11,006			23,097	752,476
Public Health Services	4,579					4,579
Leisure Time Activities	25,139	9,539			1,129	35,806
Community Environment	1,181					1,181
Basic Utility Services	284,087	13,852	2,542			300,481
Transportation	194,115	74,200				268,315
General Government	339,265	1,418	2,336	2,691	323	346,033
Debt Service:						
Principal Payments			110,000	31,300		141,300
Interest Payments			64,488	5,570		70,058
Capital Outlay	6,013	19,718		385,491		411,222
<b>Total Cash Disbursements</b>	<b>1,572,753</b>	<b>129,732</b>	<b>179,365</b>	<b>425,052</b>	<b>24,549</b>	<b>2,331,451</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>99,852</b>	<b>36,518</b>	<b>(14,408)</b>	<b>(215,524)</b>	<b>46,868</b>	<b>(46,694)</b>
<b>Other Financing Receipts and (Disbursements):</b>						
Sale of Fixed Assets		605				605
Transfers-In	7			80,000		80,007
Advances-In	10,742	10,742				21,484
Transfers-Out	(80,000)	(16,089)				(96,089)
Advances-Out	(10,742)	(10,742)				(21,484)
Other Uses		(60)		(14,278)		(14,338)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(79,993)</b>	<b>(15,544)</b>	<b>0</b>	<b>65,722</b>	<b>0</b>	<b>(29,815)</b>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<b>19,859</b>	<b>20,974</b>	<b>(14,408)</b>	<b>(149,802)</b>	<b>46,868</b>	<b>(76,509)</b>
<b>Fund Cash Balances, January 1</b>	<b>476,546</b>	<b>105,457</b>	<b>228,713</b>	<b>1,623,010</b>	<b>26,688</b>	<b>2,460,413</b>
<b>Fund Cash Balances, December 31</b>	<b>\$496,405</b>	<b>\$126,431</b>	<b>\$214,304</b>	<b>\$1,473,209</b>	<b>\$73,555</b>	<b>\$2,383,905</b>
<b>Reserves for Encumbrances, December 31</b>	<b>\$31,619</b>	<b>\$579</b>	<b>\$0</b>	<b>\$31,869</b>	<b>\$12,495</b>	<b>\$76,563</b>

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

**VILLAGE OF GLENDALE  
HAMILTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ENTERPRISE AND AGENCY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Proprietary Fund Types	Fiduciary Fund Types	Totals (Memorandum Only)
	Enterprise	Agency	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$562,494	\$0	\$562,494
Total Operating Cash Receipts	562,494	0	562,494
<b>Operating Cash Disbursements:</b>			
Personal Services	207,765		207,765
Transportation	511		511
Contractual Services	183,236		183,236
Supplies and Materials	35,517		35,517
Other	61		61
Capital Outlay	35,268		35,268
Total Operating Cash Disbursements	462,358	0	462,358
Operating Income	100,136	0	100,136
<b>Non-Operating Cash Receipts:</b>			
Miscellaneous	549		549
Other Non-Operating Receipts		113,300	113,300
Total Non-Operating Cash Receipts	549	113,300	113,849
<b>Non-Operating Cash Disbursements:</b>			
Debt Service			
Principal Payments	47,417		47,417
Interest Payments	7,179		7,179
Other Uses	837		837
Other Non-Operating Cash Disbursements		119,557	119,557
Total Non-Operating Cash Disbursements	55,432	119,557	174,989
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	45,253	(6,257)	38,996
Transfers-In	16,082		16,082
Net Receipts Over/(Under) Disbursements	61,335	(6,257)	55,078
Fund Cash Balances, January 1	152,869	11,309	164,179
<b>Fund Cash Balances, December 31</b>	<b>\$214,204</b>	<b>\$5,053</b>	<b>\$219,257</b>
Reserve for Encumbrances, December 31	\$46,501	\$0	\$46,501

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



**VILLAGE OF GLENDALE  
HAMILTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
<b>Cash Receipts:</b>						
Property Tax and Other Local Taxes	\$1,097,003	\$0	\$149,899	\$153,784	\$18,679	\$1,419,365
Special Assessments				420		420
Intergovernmental Receipts	320,930	110,775	19,027	59,974	12,675	523,381
Charges for Services	2,899	9,197				12,096
Fines, Licenses, and Permits	59,980	3,915				63,895
Earnings on Investments	113,967	13,489				127,456
Miscellaneous	76,662	4,829		14,146	21,087	116,724
<b>Total Cash Receipts</b>	<b>1,671,441</b>	<b>142,205</b>	<b>168,926</b>	<b>228,324</b>	<b>52,441</b>	<b>2,263,337</b>
<b>Cash Disbursements:</b>						
Current:						
Security of Persons and Property	717,691	15,920			20,562	754,173
Public Health Services	4,383					4,383
Leisure Time Activities	24,150	2,550			583	27,283
Community Environment	11,125					11,125
Basic Utility Services	270,602		2,365			272,967
Transportation	184,804	21,919				206,723
General Government	322,434	14,139				336,573
Debt Service:						
Principal Payments			110,000	29,600		139,600
Interest Payments			73,700	6,405		80,105
Capital Outlay	9,359	55,280		476,811	26,006	567,456
<b>Total Cash Disbursements</b>	<b>1,544,548</b>	<b>109,808</b>	<b>186,065</b>	<b>512,816</b>	<b>47,151</b>	<b>2,400,388</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>126,893</b>	<b>32,397</b>	<b>(17,139)</b>	<b>(284,492)</b>	<b>5,290</b>	<b>(137,051)</b>
<b>Other Financing Receipts and (Disbursements):</b>						
Proceeds of Notes				129,000		129,000
Transfers-In		264		152,537		152,801
Advances-In	12,572	10,872				23,444
Transfers-Out	(152,801)					(152,801)
Advances-Out	(10,872)	(12,572)				(23,444)
Other Uses		(2,177)				(2,177)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(151,101)</b>	<b>(3,613)</b>	<b>0</b>	<b>281,537</b>	<b>0</b>	<b>126,823</b>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<b>(24,208)</b>	<b>28,784</b>	<b>(17,139)</b>	<b>(2,955)</b>	<b>5,290</b>	<b>(10,228)</b>
<b>Fund Cash Balances, January 1</b>	<b>500,754</b>	<b>76,673</b>	<b>245,852</b>	<b>1,625,965</b>	<b>21,398</b>	<b>2,470,642</b>
<b>Fund Cash Balances, December 31</b>	<b>\$476,546</b>	<b>\$105,457</b>	<b>\$228,713</b>	<b>\$1,623,010</b>	<b>\$26,688</b>	<b>\$2,460,414</b>
<b>Reserves for Encumbrances, December 31</b>	<b>\$44,062</b>	<b>\$342</b>	<b>\$0</b>	<b>\$152,854</b>	<b>\$0</b>	<b>\$197,258</b>

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

**VILLAGE OF GLENDALE  
HAMILTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ENTERPRISE AND AGENCY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	Proprietary Fund Types	Fiduciary Fund Types	Totals (Memorandum Only)
	Enterprise	Agency	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$471,237	\$0	\$471,237
Total Operating Cash Receipts	471,237	0	471,237
<b>Operating Cash Disbursements:</b>			
Personal Services	216,962		216,962
Transportation	272		272
Contractual Services	191,366		191,366
Supplies and Materials	24,685		24,685
Capital Outlay	48,804		48,804
Total Operating Cash Disbursements	482,089	0	482,089
Operating Loss	(10,852)	0	(10,852)
<b>Non-Operating Cash Receipts:</b>			
Earnings on Investments	3,923		3,923
Other Non-Operating Receipts		80,957	80,957
Total Non-Operating Cash Receipts	3,923	80,957	84,880
<b>Non-Operating Cash Disbursements:</b>			
Debt Service			
Principal Payments	69,494		69,494
Interest Payments	12,399		12,399
Other Non-Operating Cash Disbursements		78,191	78,191
Total Non-Operating Cash Disbursements	81,893	78,191	160,084
Net Receipts Over/(Under) Disbursements	(88,822)	2,766	(86,056)
Fund Cash Balances, January 1	241,691	8,543	250,234
<b>Fund Cash Balances, December 31</b>	<b>\$152,869</b>	<b>\$11,309</b>	<b>\$164,178</b>
Reserve for Encumbrances, December 31	\$14,942	\$0	\$14,942

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

**VILLAGE OF GLENDALE  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

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

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

**C. Cash and Investments**

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

U.S. Treasury Bonds and Federal Agency Notes are valued at cost. Money market mutual funds (including STAR Ohio) are recorded at share values reported by the mutual fund.

**D. Fund Accounting**

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

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Fund**

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

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

*FEMA Fund* - This fund receives state grant money for repair to water and sewer lines due to a flood in the Village.

**VILLAGE OF GLENDALE  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

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

**3. Debt Service Fund**

These funds are used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following significant debt service funds:

*Sanitary Sewer Bond Retirement Fund* - This fund receives property tax money for repaying the principal and interest of bonds held.

**4. Capital Project Funds**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project funds:

*Village Plan and General Improvement Fund* - This fund receives grants and donations to fund building improvements.

*Water and Sewer System Improvement Fund* – This fund receives property tax money for improvement to the Village’s water and sewer system.

**5. Enterprise Funds**

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

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

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

**6. Fiduciary Funds (Trust and Agency Funds)**

Trust funds are used to account for resources restricted by legally binding trust agreements. Other trust funds are classified as expendable. Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary funds:

*Police Disability and Pension Fund* (expendable trust fund) – This fund receives property tax money to pay for police benefits.

*Park Board Trustee Fund* (expendable trust fund) – *This fund receives donations for the upkeep of the parks.*

*Mayor’s Court Fund* (agency fund) – This fund receives fines and forfeitures money to be distributed to the Village and the State of Ohio.

**VILLAGE OF GLENDALE  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

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

**E. Budgetary Process**

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

**1. 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 Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

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

**3. Encumbrances**

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

A summary of 2002 and 2001 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

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

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

**VILLAGE OF GLENDALE  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

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

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

	2002	2001
Demand deposits	513,878	520,677
Total deposits	513,878	520,677
STAR Ohio	241,208	236,924
U.S. Treasury Bonds & Federal Agency Notes	1,758,493	1,743,156
Money Market funds	89,582	123,835
Total investments	2,089,283	2,103,915
Total deposits and investments	\$2,603,161	\$2,624,592

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

**Investments:** U.S. Treasury Bonds are held in book-entry form by the Federal Reserve, in the name of the Village's financial institution. Investments in STAR Ohio and money market funds are not evidenced by securities that exist in physical or book-entry form.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2002 and 2001 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,656,874	\$1,672,612	\$15,738
Special Revenue	157,861	166,855	8,994
Debt Service	165,500	164,957	(543)
Capital Projects	80,000	289,528	209,528
Enterprise	554,400	563,043	8,643
Fiduciary	27,900	71,417	43,517
Total	\$2,642,535	\$2,928,412	\$285,877

**VILLAGE OF GLENDALE  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,865,659	\$1,684,371	\$181,288
Special Revenue	234,787	146,461	88,326
Debt Service	180,488	179,365	1,123
Capital Projects	807,699	471,199	336,500
Enterprise	633,630	548,210	85,420
Fiduciary	54,765	37,044	17,721
Total	<u>\$3,777,028</u>	<u>\$3,066,650</u>	<u>\$710,378</u>

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,578,728	\$1,671,441	\$92,713
Special Revenue	127,301	142,469	15,168
Debt Service	164,974	168,926	3,952
Capital Projects	82,000	509,861	427,861
Enterprise	533,000	475,160	(57,840)
Fiduciary	46,658	52,441	5,783
Total	<u>\$2,532,661</u>	<u>\$3,020,298</u>	<u>\$487,637</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,804,079	\$1,741,411	\$62,668
Special Revenue	157,250	112,327	44,923
Debt Service	189,700	186,065	3,635
Capital Projects	791,159	665,670	125,489
Enterprise	620,645	578,924	41,721
Fiduciary	55,530	47,151	8,379
Total	<u>\$3,618,363</u>	<u>\$3,331,548</u>	<u>\$286,815</u>

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

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

**VILLAGE OF GLENDALE  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**4. PROPERTY TAX (Continued)**

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

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

**5. DEBT**

Debt outstanding at December 31, 2002 was as follows:

	Principal	Interest Rate
Sanitary Sewer Bonds	\$550,000	8.38%
Ohio Public Works Loan - CB411	216,890	3.00%
Ohio Public Works Loan - CB327	158,580	0.00%
Real Estate Acquisition Note	68,100	5.74%
Total	\$993,570	

The Village issued \$2,200,000 of sanitary sewer bonds in 1987 for renovation of the sewer treatment plant. The bonds are paid annually, with interest paid semi-annually, over 20 years. The loan is collateralized by water and sewer receipts.

The Village borrowed \$444,000 from the Ohio Public Works Commission in 1992 for the replacement of their water storage facility. Principal and interest paid semi-annually, over 15 years. The loan is collateralized by water and sewer receipts.

The Village borrowed \$352,400 from the Ohio Public Works Commission in 1991 for the replacement of their water storage facility. Principal and interest paid semi-annually, over 20 years. The loan is collateralized by water and sewer receipts.

The Village issued a \$129,000 note for the acquisition of real estate in 2001. Principal and interest paid semi-annually, over 5 years. The notes are direct obligations and pledge the full faith and credit of the government.

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

	Sanitary Sewer Bonds	Ohio Public Works CB411	Ohio Public Works CB327	Real Acquisition Note
Year ending December 31:				
2003	\$165,275	\$18,488	\$8,810	\$36,846
2004	156,063	36,976	17,620	36,925
2005	146,850	36,976	17,620	
2006	137,638	36,976	17,620	
2007	128,425	36,976	17,620	
2008 – 2012		73,952	79,290	
Total	\$734,251	\$240,344	\$158,580	\$73,771



**VILLAGE OF GLENDALE  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**6. RETIREMENT SYSTEMS**

The Village's law enforcement officers and firefighters belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans. These plans provide 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 2002 and 2001, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant and 24% of fire participant wages. PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2002 and 2001. The Village has paid all contributions required through December 31, 2002.

**7. RISK MANAGEMENT**

**Risk Pool Membership**

The Village belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association with approximately 600 governmental entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services.

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverage, modified for each member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member's deductible.

The Plan uses conventional insurance coverages and reinsures these coverages. Effective September 1, 2002, the Plan retains 5% of the premium and losses on the first \$500,000 casualty treaty (up to \$25,000 of a loss) and 5% of the first \$1,000,000 property treaty (up to \$50,000 of a loss). The Plan also participates in a loss corridor in its first \$500,000 casualty reinsurance. The corridor includes losses paid between 55% and 65% of premiums earned under this treaty. (Reinsurance coverage would resume after a paid loss ratio of 65% is exceeded.) The individual members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

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**Auditor of State  
Betty Montgomery**

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

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Glendale, Hamilton County, Ohio (the Village), as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated July 10, 2003. 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.

**Compliance**

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2002-001. We also noted an immaterial instance of noncompliance that we have reported to management of the Village in a separate letter dated July 10, 2003.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention related to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 2002-002.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness.

We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated July 10, 2003.

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

July 10, 2003

**VILLAGE OF GLENDALE  
HAMILTON COUNTY  
SCHEDULE OF FINDINGS  
DECEMBER 31, 2002 AND 2001**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2002-001**

**Noncompliance Citation**

Ohio Rev. Code, Section 5705.41 (D), requires 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 needs be signed only by the subdivision's fiscal officer. 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- If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Village Council may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate.
- B. If the amount involved is less than \$3,000 dollars, the Clerk may authorize payment through a Then and Now Certificate without affirmation of the Village Council, if such expenditure is otherwise valid.

Contrary to the above requirements, the Village failed to obtain the certification of the availability of funds from the Clerk prior to the invoice date for 30% of expenditures tested, and neither of the two exceptions provided above were utilized.

**FINDING NUMBER 2002-002**

**Reportable Condition**

The Village has the following funds classified as expendable trust fund on their financial statement: Police Disability Pension, Park Board, Creche, Parade, James Carruthers, and Rogan Park funds. The Government Finance Officers Association's 1994 Governmental Accounting, Auditing, and Financial Reporting, pages 159 and 160 recommends that expendable trust funds only be employed in situation where the use of resources is legally restricted by parties outside the government (e.g., formal trust agreement with donor). The Village was unable to locate the trust agreements for these funds. Also, the Auditor of State's *Village Officer's Handbook* Appendix A-1, requires classifying the Police Disability Pension Fund as a special revenue fund.

The Village should review their records and determine the properly classification of these funds. Funds which do not have the required trust agreements should be classified as special revenue funds on future financial statements, commencing with the Village's 2003 annual report filed with the Auditor of State. We recommend that the Village request approval from the probate court to release them from possible fiduciary responsibility that may exist from any unrecorded donor agreements.





**Auditor of State  
Betty Montgomery**

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**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  
SEPTEMBER 4, 2003**