



Mary Taylor, CPA
Auditor of State

VILLAGE OF GLENDALE
HAMILTON COUNTY

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Mary Taylor, CPA
Auditor of State

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

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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Mary Taylor, CPA
Auditor of State

January 15, 2008

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Mary Taylor, CPA

Auditor of State

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, 2006 and 2005. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

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

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2006 and 2005 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2006 and 2005, or its changes in financial position or cash flows, where applicable for the years then ended.

Also, 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 of Glendale, Hamilton County, as of December 31, 2006 and 2005, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2008, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

Mary Taylor, CPA
Auditor of State

January 15, 2008

**VILLAGE OF GLENDALE
HAMILTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:					
Property and Local Taxes	\$1,606,444	\$28,895	\$87,508	\$0	\$1,722,847
Intergovernmental	844,352	176,136	14,365	701	1,035,554
Charges for Services	5,490	0	0	143,517	149,007
Fines, Licenses and Permits	57,106	3,458	0	0	60,564
Earnings on Investments	132,191	4,488	0	0	136,679
Miscellaneous	<u>76,698</u>	<u>74,434</u>	<u>157,008</u>	<u>13,229</u>	<u>321,369</u>
Total Cash Receipts	<u>2,722,281</u>	<u>287,411</u>	<u>258,881</u>	<u>157,447</u>	<u>3,426,020</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	893,239	63,652	0	0	956,891
Public Health Services	5,341	0	0	0	5,341
Leisure Time Activities	30,921	16,425	0	0	47,346
Community Environment	1,084	0	0	0	1,084
Basic Utility Service	366,405	0	17,385	0	383,790
Transportation	243,769	30,348	0	0	274,117
General Government	400,234	32,615	0	0	432,849
Debt Service:					
Redemption of Principal	0	0	110,000	17,592	127,592
Interest and Fiscal Charges	0	0	27,638	663	28,301
Capital Outlay	<u>4,704</u>	<u>109,962</u>	<u>0</u>	<u>617,219</u>	<u>731,885</u>
Total Cash Disbursements	<u>1,945,697</u>	<u>253,002</u>	<u>155,023</u>	<u>635,474</u>	<u>2,989,196</u>
Total Receipts Over/(Under) Disbursements	<u>776,584</u>	<u>34,409</u>	<u>103,858</u>	<u>(478,027)</u>	<u>436,824</u>
Other Financing Receipts / (Disbursements):					
Proceeds from Sale of Public Debt:					
Proceeds of OWDA loan	0	0	0	236,250	236,250
Transfers-In	0	0	0	109,918	109,918
Transfers-Out	<u>(109,918)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(109,918)</u>
Total Other Financing Receipts / (Disbursements)	<u>(109,918)</u>	<u>0</u>	<u>0</u>	<u>346,168</u>	<u>236,250</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	666,666	34,409	103,858	(131,859)	673,074
Fund Cash Balances, January 1	<u>412,804</u>	<u>171,461</u>	<u>174,614</u>	<u>1,833,097</u>	<u>2,591,976</u>
Fund Cash Balances, December 31	<u>\$1,079,470</u>	<u>\$205,870</u>	<u>\$278,472</u>	<u>\$1,701,238</u>	<u>\$3,265,050</u>
Reserve for Encumbrances, December 31	<u>\$61,405</u>	<u>\$26,707</u>	<u>\$0</u>	<u>\$53,586</u>	<u>\$141,698</u>

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 PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$554,819	\$0	\$554,819
Total Operating Cash Receipts	<u>554,819</u>	<u>0</u>	<u>554,819</u>
Operating Cash Disbursements:			
Personal Services	239,073	0	239,073
Contractual Services	204,615	0	204,615
Supplies and Materials	36,277	0	36,277
Other	1,625	0	1,625
Total Operating Cash Disbursements	<u>481,590</u>	<u>0</u>	<u>481,590</u>
Operating Income/(Loss)	<u>73,229</u>	<u>0</u>	<u>73,229</u>
Non-Operating Cash Receipts:			
Other Non-Operating Cash Receipts	0	73,840	73,840
Total Non-Operating Cash Receipts	<u>0</u>	<u>73,840</u>	<u>73,840</u>
Non-Operating Cash Disbursements:			
Capital Outlay	17,238	0	17,238
Redemption of Principal	102,686	0	102,686
Interest and Other Fiscal Charges	6,692	0	6,692
Other Non-Operating Cash Disbursements	680	73,803	74,483
Total Non-Operating Cash Disbursements	<u>127,296</u>	<u>73,803</u>	<u>201,099</u>
Net Receipts Over/(Under) Disbursements	(54,067)	37	(54,030)
Fund Cash Balances, January 1	<u>120,823</u>	<u>5,852</u>	<u>126,675</u>
Fund Cash Balances, December 31	<u>\$66,756</u>	<u>\$5,889</u>	<u>\$72,645</u>
Reserve for Encumbrances, December 31	<u>\$22,451</u>	<u>\$0</u>	<u>\$22,451</u>

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
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:					
Property and Local Taxes	\$1,556,531	\$25,130	\$107,120	\$599	\$1,689,380
Intergovernmental	380,198	179,111	18,848	79,668	657,825
Charges for Services	3,155	100	0	0	3,255
Fines, Licenses and Permits	55,757	2,977	0	0	58,734
Earnings on Investments	64,333	7,235	0	0	71,568
Miscellaneous	74,922	93,669	0	43,000	211,591
Total Cash Receipts	<u>2,134,896</u>	<u>308,222</u>	<u>125,968</u>	<u>123,267</u>	<u>2,692,353</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	859,540	38,980	0	0	898,520
Public Health Services	5,191	0	0	0	5,191
Leisure Time Activities	30,776	53,497	0	0	84,273
Community Environment	5,920	0	0	0	5,920
Basic Utility Service	338,957	0	2,684	0	341,641
Transportation	243,797	24,453	0	0	268,250
General Government	387,582	12,208	0	0	399,790
Debt Service:					
Redemption of Principal	0	0	110,000	0	110,000
Interest and Fiscal Charges	0	0	36,850	0	36,850
Capital Outlay	7,532	188,905	0	371,736	568,173
Total Cash Disbursements	<u>1,879,295</u>	<u>318,043</u>	<u>149,534</u>	<u>371,736</u>	<u>2,718,608</u>
Total Receipts Over/(Under) Disbursements	<u>255,601</u>	<u>(9,821)</u>	<u>(23,566)</u>	<u>(248,469)</u>	<u>(26,255)</u>
Other Financing Receipts / (Disbursements):					
Proceeds from Sale of Public Debt:					
Proceeds of OWDA Loan	0	0	0	125,250	125,250
Sale of Fixed Assets	0	0	0	50,000	50,000
Transfers-In	13,839	0	0	289,510	303,349
Transfers-Out	(243,010)	(13,839)	0	(46,500)	(303,349)
Other Financing Uses	0	(1,983)	0	0	(1,983)
Total Other Financing Receipts / (Disbursements)	<u>(229,171)</u>	<u>(15,822)</u>	<u>0</u>	<u>418,260</u>	<u>173,267</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>26,430</u>	<u>(25,643)</u>	<u>(23,566)</u>	<u>169,791</u>	<u>147,012</u>
Fund Cash Balances, January 1 (as restated)	<u>386,374</u>	<u>197,104</u>	<u>198,180</u>	<u>1,663,306</u>	<u>2,444,964</u>
Fund Cash Balances, December 31	<u>\$412,804</u>	<u>\$171,461</u>	<u>\$174,614</u>	<u>\$1,833,097</u>	<u>\$2,591,976</u>
Reserve for Encumbrances, December 31	<u>\$57,791</u>	<u>\$17,994</u>	<u>\$0</u>	<u>\$75,436</u>	<u>\$151,221</u>

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 PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$542,639	\$0	\$542,639
Total Operating Cash Receipts	542,639	0	542,639
Operating Cash Disbursements:			
Personal Services	213,871	0	213,871
Contractual Services	199,929	0	199,929
Supplies and Materials	41,382	0	41,382
Other	6,489	0	6,489
Total Operating Cash Disbursements	461,671	0	461,671
Operating Income/(Loss)	80,968	0	80,968
Non-Operating Cash Receipts:			
Other Non-Operating Cash Receipts	0	68,584	68,584
Total Non-Operating Cash Receipts	0	68,584	68,584
Non-Operating Cash Disbursements:			
Capital Outlay	28,688	0	28,688
Redemption of Principal	117,264	0	117,264
Interest and Other Fiscal Charges	10,369	0	10,369
Other Non-Operating Cash Disbursements	214	72,240	72,454
Total Non-Operating Cash Disbursements	156,535	72,240	228,775
Net Receipts Over/(Under) Disbursements	(75,567)	(3,656)	(79,223)
Fund Cash Balances, January 1	196,390	9,508	205,898
Fund Cash Balances, December 31	<u>\$120,823</u>	<u>\$5,852</u>	<u>\$126,675</u>
Reserve for Encumbrances, December 31	<u>\$19,628</u>	<u>\$0</u>	<u>\$19,628</u>

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, 2006 AND 2005**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Glendale, Hamilton County, Ohio (the Village), as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, and police services. The Village provided fire protection services until January 2006 when it was deactivated. From January through July 2006, the Village contracted with the Village of Woodlawn for fire protection services. In July 2006, the Village established the Glendale Volunteer Fire Department. The Village appropriates general fund money to support this volunteer fire department. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Cash 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 Bonds and Federal Agency Notes at cost. Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

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 reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

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

**VILLAGE OF GLENDALE
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

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 grant proceeds to purchase equipment for fire department.

Community Fund – This fund receives donations from the Village residents for the Village sesquicentennial events throughout the year.

3. Debt Service Funds

These funds account for resources the Village accumulates to pay bond and note debt. The Village had the following significant Debt Service Fund:

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

4. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project funds:

Village Capital Fund – This fund receives transfers from the general fund. The proceeds are being used to purchase various equipment for the Village.

Village Plan & General Improvement Fund - This fund receives grant proceeds and donations to fund building improvements.

Wastewater Treatment Facilities Improvement Fund – This fund receives proceeds of an OWDA loan. The proceeds are being used to design and building of new wastewater treatment plant.

5. 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 - This fund receives charges for services from residents to cover water service costs.

Sewer Fund - This fund receives charges for services from residents to cover sewer service costs.

**VILLAGE OF GLENDALE
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

6. Fiduciary Funds

Village fiduciary funds include only agency funds.

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. The Village's agency funds accounts for activity of the Village of Glendale Mayor's Court and Unclaimed Funds.

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

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. 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 2006 and 2005 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

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

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**VILLAGE OF GLENDALE
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

2. Equity in Pooled Cash and Investments

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

	2006	2005
Demand deposits	\$2,939,638	\$2,163,383
Certificates of deposit	130,000	0
Total deposits	3,069,638	2,163,383
U.S. Treasury Notes	0	299,564
STAR Ohio	267,409	254,699
Money Market Funds	648	1,005
Total investments	268,057	555,268
Total deposits and investments	\$3,337,695	\$2,718,651

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

Investments: The Federal Reserve holds the Village's U.S. Treasury Bonds and Notes and Federal Agency 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.

Investments in STAR Ohio and mutual 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, 2006 and 2005 follows:

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,114,586	\$2,722,281	\$607,695
Special Revenue	266,267	287,411	21,144
Debt Service	249,453	258,881	9,428
Capital Projects	593,013	503,615	(89,398)
Enterprise	793,741	554,819	(238,922)
Fiduciary	100	0	(100)
Total	\$4,017,160	\$4,327,007	\$309,847

**VILLAGE OF GLENDALE
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

3. Budgetary Activity (Continued)

2006 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,229,454	\$2,117,020	\$112,434
Special Revenue	368,076	279,709	88,367
Debt Service	306,286	155,023	151,263
Capital Projects	1,297,158	689,060	608,098
Enterprise	798,829	631,337	167,492
Fiduciary	1,075	0	1,075
Total	<u>\$5,000,878</u>	<u>\$3,872,149</u>	<u>\$1,128,729</u>

2005 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,021,101	\$2,148,735	\$127,634
Special Revenue	249,335	308,222	58,887
Debt Service	120,930	125,968	5,038
Capital Projects	654,848	588,027	(66,821)
Enterprise	595,000	542,639	(52,361)
Fiduciary	200	0	(200)
Total	<u>\$3,641,414</u>	<u>\$3,713,591</u>	<u>\$72,177</u>

2005 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,240,694	\$2,180,096	\$60,598
Special Revenue	368,182	351,859	16,323
Debt Service	152,050	149,534	2,516
Capital Projects	1,213,276	493,672	719,604
Enterprise	731,563	637,834	93,729
Fiduciary	1,100	0	1,100
Total	<u>\$4,706,865</u>	<u>\$3,812,995</u>	<u>\$893,870</u>

4. Property Tax

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.

**VILLAGE OF GLENDALE
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(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, 2006 was as follows:

	Principal	Interest Rate
Sanitary Sewer Bonds	\$110,000	8.38%
Ohio Public Works Loan - CB411	105,329	3.00%
Ohio Public Works Loan - CB327	96,910	0.00%
Water System Improvement Note	71,691	2.99%
Total	\$383,930	

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 receipts.

The Village borrowed \$352,000 from the Ohio Public Works Commission in 1991 for the replacement of their water storage facility. Principal and interest paid semi-annually, over 15 years. The loan is collateralized by water receipts.

The Village issued a \$274,386 note for the water system improvement in 2003. Principal and interest are paid quarterly, over 4 years. The loan is collateralized by water receipts.

The Village received a Water Pollution Control Loan in 2006 for the construction of a new wastewater treatment plant. As of December 31, 2006, the Village has received \$361,500 of the \$6,185,833 awarded. On January 1, 2009, the Village will begin repayments of this loan, in semi-annual amounts of \$202,087 over 20 years.

The Village's taxing authority collateralized the bonds.

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

**VILLAGE OF GLENDALE
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

5. Debt (Continued)

Year ending December 31:	Sanitary Sewer		
	Bonds	OPWC CB411	OPWC CB327
2007	\$128,425	\$36,975	\$17,620
2008	0	36,975	17,620
2009	0	36,975	17,620
2010	0	0	17,620
2011	0	0	17,620
2012 – 2016	0	0	8,810
Total	<u>\$128,425</u>	<u>\$110,925</u>	<u>\$96,910</u>

Year ending December 31:	Water System	
	Improvement Notes	Water Pollution Control Loan
2007	\$73,035	\$0
2008	0	0
2009	0	404,174
2010	0	404,174
2011	0	404,174
2012 – 2016	0	2,020,870
2017 - 2021	0	2,020,870
2022 - 2026	0	2,020,870
2027 - 2031	0	808,348
Total	<u>\$73,035</u>	<u>\$8,083,480</u>

6. Retirement Systems

The Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2006 and 2005, OP&F participants contributed 10% of their wages. For 2006 and 2005, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2006 and 2005, OPERS members contributed 9 and 8.5%, respectively, of their gross salaries and the Village contributed an amount equaling 13.7 and 13.55%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2006.

**VILLAGE OF GLENDALE
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

7. Risk Management

Risk Pool Membership

The Government belongs to the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to over 550 Ohio governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is 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 coverages, 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 issues its own policies and reinsures the Plan with A- VII or better rated carriers, except for the 15% casualty and the 10% property portions the Plan retains. The Plan retains the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,000 of property losses. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31:

	2006	2005
Assets	\$9,620,148	\$8,219,430
Liabilities	<u>(3,329,620)</u>	<u>(2,748,639)</u>
Members' Equity	<u>\$6,290,528</u>	<u>\$5,470,791</u>

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, www.ohioplan.org.

VILLAGE OF GLENDALE
HAMILTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)

8. **Prior Period Adjustment**

In the prior audit period, the Village classified the following funds as Expendable Trust Funds on their financial statements: Police Disability Pension, Park Board, Creche, Parade, James Carruthers, and Rogan Park. The Village was unable to locate the trust agreements for these funds. The Village passed Ordinance 2006-18 to reclassify the Expendable Trust funds to Special Revenue in accordance with Auditor of State Bulletin 2005-005 *Required Fund Classifications for Non-GAAP Filers*.

This change affected the financial statements as noted:

	Special Revenue	Expendable Trust
12/31/04 Fund Balance	\$140,798	\$56,306
Reclassification Amount	\$56,306	(\$56,306)
1/1/05 Fund Balance	\$197,104	\$0

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' 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 the financial statements of the Village of Glendale, Hamilton County, Ohio (the Village), as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated January 15, 2008, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Village's internal control will not prevent or detect a material financial statement misstatement.

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

We noted certain matters that we reported to the Village's management in a separate letter dated January 15, 2008.

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, providing an opinion 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 instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2006-001 and 2006-002.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated January 15, 2008.

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.

We intend this report solely for the information and use of the audit committee, management, and Village Council. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

January 15, 2008

**VILLAGE OF GLENDALE
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2006-001

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 need 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.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" certificate – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for the payment of the amount due. The Village has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$1,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village.

2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. (Prior to September 26, 2003, blanket certificates were limited to \$5,000 and three months.) The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate – The Village may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

**FINDING NUMBER 2006-001
(Continued)**

The availability of funds was not certified prior to the time of commitment in 38% of expenditures tested in 2006 and in 68% of expenditures tested in 2005, nor did the Village use the aforementioned exceptions. However, 42% of the errors in 2006 and 10% of the errors in 2005 were expenditures related to the Wastewater Treatment Plant Project. These expenditures were paid from OWDA loan monies, not released by OWDA until invoices were presented to OWDA from the Village's contractors. Village management indicated that in their opinion they could not encumber these funds until monies were received from OWDA. Every effort should be made by the Village to properly utilize the encumbrance method of accounting by certifying funds on purchase orders. Failure to properly encumber could result in overspending funds and negative cash fund balances.

Unless the Village uses the exceptions noted above, prior certification is not only required by statute but also is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, we recommend that the Fiscal Officer certify that funds are or will be available prior to obligation by the Village. When prior certification is not possible, "then and now" certification should be used.

We recommend the officials and employees obtain the Fiscal Officer's certification of the availability of funds prior to the commitment being incurred. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification at the time the Village incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The Village should post approved purchase orders to the proper appropriation code to reduce the available appropriation.

Officials' Response:

In the matter of the finding 2006-001, the Village is aware of the problem with the purchase orders and will work on correcting the problem.

FINDING NUMBER 2006-002

Noncompliance Citation

Ohio Rev. Code, Section 9.38, provides that public money must be deposited with the Fiscal Officer or with the designated depository on the business day next following the day of receipt, if the total amount of such moneys received exceeds one thousand dollars. If the total amount of the public moneys so received does not exceed one thousand dollars, the person shall deposit the moneys on the business day next following the day of the receipt, unless the public office of which that person is a public official adopts a policy permitting a different time period, not to exceed three business days next following the day of receipt, for making such deposits, and the person is able to safeguard the moneys until such time as the moneys are deposited. The policy shall include provisions and procedures to safeguard the public moneys until they are deposited. During testing we noted the following items not deposited timely:

- Miscellaneous receipts:
 - 2006: 1 of 15 (7%) receipts tested (1 day late).
 - 2005: 6 of 15 (40%) receipt tested (1 – 7 days late)
- Water and sewer receipts:
 - 2006: 9 of 14 (64%) receipts tested (1 – 10 days late).
 - 2005: 7 of 10 (70%) receipts tested (1 – 15 days late).

**FINDING NUMBER 2006-002
(Continued)**

Failing to deposit monies within the required time period could cause receipts to be susceptible to loss or theft. We recommend the Village implement procedures to ensure deposits are made within one business day of receipt. As an alternative, the Village may adopt a policy permitting a different time period. Auditor of State Bulletin 99-020 provides further guidance on this issue.

Officials' Response:

In the matter of the finding 2006-002, the Village is aware of the problem with the timely deposits and will work on correcting the problem.

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VILLAGE OF GLENDALE
HAMILTON COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2004 AND 2003

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2004-001	Reclassification of Trust Funds	yes	



Mary Taylor, CPA
Auditor of State

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
JANUARY 29, 2008**