

**VILLAGE OF GLENDALE**  
*HAMILTON COUNTY, OHIO*

**FINANCIAL STATEMENTS  
FOR THE YEARS ENDED  
DECEMBER 31, 2014 AND 2013**





# Dave Yost • Auditor of State

Village Council  
Village of Glendale  
30 Village Square  
Glendale, Ohio 45246

We have reviewed the *Independent Auditor's Report* of the Village of Glendale, Hamilton County, prepared by Bastin & Company, LLC, for the audit period January 1, 2013 through December 31, 2014. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Glendale is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

November 30, 2015

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**VILLAGE OF GLENDALE  
HAMILTON COUNTY, OHIO**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report.....	1
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2014.....	3
Statement of Receipts, Disbursements, and Changes in Fund Balance (Cash Basis) - All Proprietary and Fiduciary Fund Types - For the Year Ended December 31, 2014.....	4
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2013.....	5
Statement of Receipts, Disbursements, and Changes in Fund Balance (Cash Basis) - All Proprietary and Fiduciary Fund Types - For the Year Ended December 31, 2013.....	6
Notes to the Financial Statements.....	7
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	17
Schedule of Findings.....	19
Schedule of Prior Audit Findings .....	20

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# Bastin & Company, LLC

*Certified Public Accountants*

## **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 and related notes of the Village of Glendale, Hamilton County, Ohio, (the Village) as of and for the years ended December 31, 2014 and 2013.

### ***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 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 opinion.

### ***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principle***

As described in Note 1 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, 2014 and 2013, or 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 combined cash balances of the Village of Glendale, Hamilton County as of December 31, 2014 and 2013, and its combined cash receipts and disbursements 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 1.

***Emphasis of Matter***

As discussed in Note 10 to the financial statements, the December 31, 2012 cash balances by fund type have been restated to correct for a misstatement. Our opinion is not modified with respect to this matter.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 18, 2015, 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.



Cincinnati, Ohio  
August 18, 2015



**VILLAGE OF GLENDALE  
HAMILTON COUNTY, OHIO  
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND  
CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
<i>Cash Receipts:</i>				
Property and Other Local Taxes	\$ 1,850,683	\$ 29,643	\$ -	\$ 1,880,326
Intergovernmental	287,019	128,239	-	415,258
Charges for Services	21,515	11,685	-	33,200
Fines, Licenses and Permits	101,110	36,581	-	137,691
Earnings on Investments	16,006	1,139	-	17,145
Miscellaneous	17,757	11,787	-	29,544
Total Cash Receipts	<u>2,294,090</u>	<u>219,074</u>	<u>-</u>	<u>2,513,164</u>
<i>Cash Disbursements:</i>				
Current:				
Security of Persons and Property	991,604	39,172	-	1,030,776
Public Health Services	5,937	-	-	5,937
Community Environment	554	-	-	554
Leisure Time Activities	14,673	26,268	-	40,941
Basic Utility Service	353,675	-	-	353,675
Transportation	204,278	74,152	-	278,430
General Government	419,838	51	-	419,889
Capital Outlay	-	-	202,826	202,826
Total Cash Disbursements	<u>1,990,559</u>	<u>139,643</u>	<u>202,826</u>	<u>2,333,028</u>
Net Change in Fund Cash Balances	303,531	79,431	(202,826)	180,136
Fund Cash Balances, January 1	<u>1,785,171</u>	<u>264,504</u>	<u>2,030,835</u>	<u>4,080,510</u>
Fund Cash Balances, December 31:				
Restricted	-	343,935	-	343,935
Assigned	54,033	-	1,828,009	1,882,042
Unassigned	2,034,669	-	-	2,034,669
Fund Cash Balances, December 31	<u>\$ 2,088,702</u>	<u>\$ 343,935</u>	<u>\$ 1,828,009</u>	<u>\$ 4,260,646</u>

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

**VILLAGE OF GLENDALE  
HAMILTON COUNTY, OHIO  
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND  
CHANGES IN FUND BALANCES (CASH BASIS)  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>
	<u>Enterprise</u>	<u>Agency</u>
Operating Cash Receipts:		
Charges for Services	\$ 1,112,556	\$ -
Fines, Licenses and Permits	51,556	-
Miscellaneous	60	-
	<u>1,164,172</u>	<u>-</u>
 Total Operating Cash Receipts	 <u>1,164,172</u>	 <u>-</u>
Operating Cash Disbursements:		
Personal Services	212,645	-
Employee Fringe Benefits	44,723	-
Contractual Services	270,137	-
Supplies and Materials	42,955	-
	<u>570,460</u>	<u>-</u>
 Total Operating Cash Disbursements	 <u>570,460</u>	 <u>-</u>
Operating Income	<u>593,712</u>	<u>-</u>
 <i>Non-Operating Receipts (Disbursements)</i>		
Earnings on Investments	3,211	-
Proceeds from OPWC loan	213,854	-
Proceeds from OWDA loan	210,209	-
Redemption of Principal	(413,922)	-
Interest and Other Fiscal Charges	(132,258)	-
Capital Outlay	(512,275)	-
Other Financing Sources	-	88,885
Other Financing Uses	-	(87,330)
	<u>(631,181)</u>	<u>1,555</u>
 Total Non-Operating Receipts (Disbursements)	 <u>(631,181)</u>	 <u>1,555</u>
Net Change in Fund Cash Balances	(37,469)	1,555
Fund Cash Balance, January 1	<u>1,213,487</u>	<u>19,234</u>
Fund Cash Balance, December 31	<u><u>\$ 1,176,018</u></u>	<u><u>\$ 20,789</u></u>

**VILLAGE OF GLENDALE  
HAMILTON COUNTY, OHIO  
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND  
CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
<i>Cash Receipts:</i>				
Property and Other Local Taxes	\$ 1,918,609	\$ 29,253	\$ -	\$ 1,947,862
Intergovernmental	282,763	130,959	-	413,722
Charges for Services	19,797	-	-	19,797
Fines, Licenses and Permits	90,026	33,497	-	123,523
Earnings on Investments	8,153	642	-	8,795
Miscellaneous	19,086	28,058	-	47,144
<b>Total Cash Receipts</b>	<b>2,338,434</b>	<b>222,409</b>	<b>-</b>	<b>2,560,843</b>
<i>Cash Disbursements:</i>				
Current:				
Security of Persons and Property	958,175	52,194	-	1,010,369
Public Health Services	5,957	-	-	5,957
Community Environment	381	-	-	381
Leisure Time Activities	18,399	44,340	-	62,739
Basic Utility Service	362,726	-	-	362,726
Transportation	237,156	89,636	-	326,792
General Government	429,945	2,096	-	432,041
Capital Outlay	-	-	234,528	234,528
<b>Total Cash Disbursements</b>	<b>2,012,739</b>	<b>188,266</b>	<b>234,528</b>	<b>2,435,533</b>
Net Change in Fund Cash Balances	325,695	34,143	(234,528)	125,310
Fund Cash Balances, January 1	1,459,476	230,361	2,265,363	3,955,200
Fund Cash Balances, December 31:				
Restricted	-	264,504	-	264,504
Assigned	37,811	-	2,030,835	2,068,646
Unassigned	1,747,360	-	-	1,747,360
<b>Fund Cash Balances, December 31</b>	<b>\$ 1,785,171</b>	<b>\$ 264,504</b>	<b>\$ 2,030,835</b>	<b>\$ 4,080,510</b>

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

**VILLAGE OF GLENDALE  
HAMILTON COUNTY, OHIO  
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND  
CHANGES IN FUND BALANCES (CASH BASIS)  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>
	<u>Enterprise</u>	<u>Agency</u>
Operating Cash Receipts:		
Charges for Services	\$ 1,096,269	\$ -
Fines, Licenses and Permits	76,785	-
Miscellaneous	783	-
	<u>1,173,837</u>	<u>-</u>
Operating Cash Disbursements:		
Personal Services	209,732	-
Employee Fringe Benefits	45,380	-
Contractual Services	316,020	-
Supplies and Materials	46,751	-
	<u>617,883</u>	<u>-</u>
Operating Income	<u>555,954</u>	<u>-</u>
<i>Non-Operating Receipts (Disbursements)</i>		
Proceeds from OPWC loan	32,025	-
Proceeds from OWDA loan	58,217	-
Redemption of Principal	(335,925)	-
Interest and Other Fiscal Charges	(139,210)	-
Capital Outlay	(100,505)	-
Other Financing Sources	-	76,914
Other Financing Uses	-	(74,232)
	<u>(485,398)</u>	<u>2,682</u>
Net Change in Fund Cash Balances	70,556	2,682
Fund Cash Balance, January 1	<u>1,142,931</u>	<u>16,552</u>
Fund Cash Balance, December 31	<u>\$ 1,213,487</u>	<u>\$ 19,234</u>

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

VILLAGE OF GLENDALE  
HAMILTON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

**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, (the Village) as a body corporate and politic. 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.

The Village participates in the Ohio Plan Risk Management public entity risk pool. Note 7 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.

**B. Accounting Basis**

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.

**C. 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 (including STAR Ohio) are recorded at share values the mutual funds report.

VILLAGE OF GLENDALE  
HAMILTON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013  
(Continued)

**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 accounts for and reports all financial resources not accounted for and reported in another fund.

**2. 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 Fund:

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

**3. 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 Fund:

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

**4. 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  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013  
(Continued)

**5. 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.

**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. 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 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.

A summary of 2014 and 2013 budgetary activity appears in Note 3.

**F. 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:

**1. Nonspendable**

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

VILLAGE OF GLENDALE  
HAMILTON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013  
(Continued)

**2. 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.

**3. 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.

**4. 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.

**5. 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.

**G. 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.

**H. 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  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013  
(Continued)

**2. EQUITY IN POOLED 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:

	2014	2013
Demand deposits	\$ 3,142,830	\$ 4,998,204
Certificates of deposit	1,425,000	25,000
Total deposits	4,567,830	5,023,204
STAR Ohio	290,123	290,027
Government securities	599,500	-
Total investments	889,623	290,027
Total deposits and investments	\$ 5,457,453	\$ 5,313,231

**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. Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2014 and 2013 follows:

2014 Budgeted vs. Actual Receipts			
	Budgeted	Actual	
Fund Type	Receipts	Receipts	Variance
General	\$ 2,151,023	\$ 2,294,090	\$ 143,067
Special Revenue	198,865	219,074	20,209
Enterprise	1,551,809	1,591,446	39,637
Total	\$ 3,901,697	\$ 4,104,610	\$ 202,913

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
	Appropriation	Budgetary	
Fund Type	Authority	Expenditures	Variance
General	\$ 2,227,857	\$ 2,044,592	\$ 183,265
Special Revenue	410,097	176,154	233,943
Capital Projects	408,337	221,728	186,609
Enterprise	1,892,744	1,674,577	218,167
Total	\$ 4,939,035	\$ 4,117,051	\$ 821,984

VILLAGE OF GLENDALE  
HAMILTON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013  
(Continued)

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 2,184,875	\$ 2,338,434	\$ 153,559
Special Revenue	207,786	222,409	14,623
Enterprise	1,269,427	1,264,079	(5,348)
Total	\$ 3,662,088	\$ 3,824,922	\$ 162,834

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 2,212,662	\$ 2,050,550	\$ 162,112
Special Revenue	363,769	212,306	151,463
Capital Projects	449,613	243,290	206,323
Enterprise	1,653,329	1,263,735	389,594
Total	\$ 4,679,373	\$ 3,769,881	\$ 909,492

**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.

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

VILLAGE OF GLENDALE  
HAMILTON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013  
(Continued)

**5. DEBT**

Debt outstanding at December 31, 2014 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan #4644	\$ 4,586,309	2.75%
Ohio Public Works Commission Loan #CB11K	562,500	0.00%
Ohio Public Works Commission Loan #CB08L	654,746	0.00%
Ohio Water Development Authority Loan #6546	268,426	3.74%
Ohio Public Works Commission Loan #CB28R	213,854	0.00%
Total	\$ 6,285,835	

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 2008 in the amount of \$727,496 for water treatment plant improvements. The loan bears an interest rate of 0.0%, with the final semi-annual payment due in July 2023.

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%. A final repayment schedule for this loan will be established once the project is finalized; therefore, it is not included in the schedule of future annual debt service requirements presented below.

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 repayment schedule for this loan will be established once the project is finalized, therefore; it is not included in the schedule of future annual debt service requirements presented below.

VILLAGE OF GLENDALE  
HAMILTON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013  
(Continued)

Amortization of the above debt for loans where repayment terms have been finalized, including interest, is scheduled as follows:

Year ending December 31:	OWDA #4644	OPWC #CB11K	OPWC #CB08L	Total
2015	\$ 392,153	\$ 75,000	\$ 72,750	\$ 539,903
2016	397,356	75,000	72,750	545,106
2017	397,355	75,000	72,750	545,105
2018	397,356	75,000	72,750	545,106
2019	397,355	75,000	72,750	545,105
2020-2024	1,986,778	187,500	290,996	2,465,274
2025-2029	1,589,423	-	-	1,589,423
Total	<u>\$ 5,557,776</u>	<u>\$ 562,500</u>	<u>\$ 654,746</u>	<u>\$ 6,775,022</u>

**6. RETIREMENT SYSTEMS**

The Village's full-time Police Officers 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. From January 2013 through June 2013, OP&F participants contributed 10% of their wages. From July 1, 2013 through June 30, 2014 OP&F participants contributed 10.75% of their wages. From July 1, 2014 through December 31, 2014, OP&F participants contributed 11.5% of their wages. For 2014 and 2013, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2014 and 2013, 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, 2014.

**7. RISK MANAGEMENT**

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as 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 Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting

VILLAGE OF GLENDALE  
HAMILTON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013  
(Continued)

criteria addressing the member's exposure to loss, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 and 783 members as of December 31, 2013 and 2014 respectively.

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 equity at December 31, 2013 and.

	<b>2013</b>	<b>2014</b>
Assets	\$13,774,304	\$14,830,185
Liabilities	(7,968,395)	(8,942,504)
Members' Equity	\$5,805,909	\$5,887,681

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**8. 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 has spent approximately \$700,000 to date and is currently 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. 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.

VILLAGE OF GLENDALE  
HAMILTON COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013  
(Continued)

**9. ADJUSTMENT TO PRIOR PERIOD BALANCES**

An adjustment of previously reported fund type balances as of December 31, 2012 was necessary to properly classify the Village's Water and Sewer System Improvement Fund as an enterprise type fund that had been previously reported as a capital projects fund type. This correction had the following effects on the fund type cash balances:

	Capital Projects <u>Fund Type</u>	Enterprise <u>Fund Type</u>
Amounts previously recorded as of December 31, 2012	\$2,327,593	\$1,080,701
Reclassification of Water and Sewer System Improvement Fund	<u>(62,230)</u>	<u>62,230</u>
Restated amounts reported as of January 1, 2013	<u>\$2,265,363</u>	<u>\$1,142,931</u>

**10. SUBSEQUENT EVENTS**

During May 2015 the Village received an inheritance tax settlement from Hamilton County in the sum of \$6.2 million that had been incorrectly distributed by the Hamilton County to the City of Cincinnati during 2012.

# Bastin & Company, LLC

*Certified Public Accountants*

## **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  
11000 Winton Road  
Glendale, Ohio 45218

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 Village of Glendale, Hamilton County, Ohio, (the Village) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated August 18, 2015 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. We also noted that cash balances by fund type have been restated to correct for prior year misstatements.

### ***Internal Controls 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 a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2014-01 described in the accompanying schedule of findings to be a material weakness.

### ***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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

### ***Entity's Response to Findings***

The Village's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Village's response and, accordingly, we express no opinion on it.

### ***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 communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Bastin & Company, L L C". The signature is written in black ink on a light-colored background.

Cincinnati, Ohio  
August 18, 2015



**VILLAGE OF GLENDALE  
HAMILTON COUNTY, OHIO  
SCHEDULE OF FINDINGS  
DECEMBER 31, 2014 AND 2013**

**FINDING NUMBER 2014-01**

Material Weakness - Financial Reporting

We identified misstatements in the financial statements that were not initially identified by the Village's internal control. Audit adjustments were necessary to correct errors in the Village's accounting system which provided information for the creation of the financial statements. In summary, the adjustments made are as follows:

- In prior years, the activities of the Water and Sewer System Improvement Fund were recorded within the capital project fund type instead of the enterprise fund type, resulting in a restatement of fund balances by fund type at the beginning of 2013. The activity of this fund as well as the activity of the Wastewater Treatment Plant Facilities Fund continued to be recorded within the capital project fund type instead of the enterprise fund type during 2013 and 2014. Adjustments were required to properly classify the activities within these funds and to properly report their activity in the correct fund type.
- Audit adjustments for 2014 and 2013 totaling \$169,334 and \$3,676, respectively, were necessary to record OPWC and OWDA loan proceeds and capital related expenses that had not been recorded.
- Audit adjustments for 2013 totaling \$32,035 were necessary to properly classify OPWC loan proceeds and capital outlay related expenses that had been recorded as charges for services receipts and basic utility service expenditures.
- An audit adjustment to record \$981 of activity related to OWDA loan activity not recorded for 2013 that had been incorrectly recorded during 2014.
- Audit adjustments for 2014 and 2013 totaling \$39,938 and \$48,460, respectively, were necessary to properly classify miscellaneous and other financing sources to proper functional line items.
- Audit adjustments for 2013 totaling \$234,527 were necessary to properly classify capital outlay expenditures that had been recorded in various other functional expenditure line items.
- Audit adjustments for 2014 and 2013 totaling \$3,807 and \$3,784, respectively, were necessary to properly report property tax receipts as gross instead of an amount net of expenses in the Police Pension Fund.
- Audit adjustments for 2013 totaling \$1,808 were necessary to properly report functional expenditures for items recorded as transfers.

The presentation of materially correct financial statements and the related footnotes is the responsibility of management. We recommend that the Village implement control procedures that enable management to identify, prevent, detect and correct potential misstatements in the financial statements and footnotes.

**Village's Response**

The Village will attempt to more closely monitor the recording of transactions in the future.

**VILLAGE OF GLENDALE  
HAMILTON COUNTY  
SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2014 AND 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2012-001	Audit adjustments for receipts and disbursements recorded incorrectly	No	Reissued as Finding 2014-01



# Dave Yost • 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  
DECEMBER 8, 2015**