

VILLAGE OF GLENDALE

Hamilton County

Regular Audit

January 1, 2009 through December 31, 2010

Fiscal Years Audited Under GAGAS: 2009 and 2010



Caudill & Associates, CPA

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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 Caudill & Associates, CPAs, for the audit period January 1, 2009 through December 31, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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

June 15, 2011

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**VILLAGE OF GLENDALE
HAMILTON COUNTY**

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INDEPENDENT AUDITOR'S 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, (the Village) as of and for the years ended December 31, 2010 and 2009. 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, 2010 and 2009 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, 2010 and 2009, or its changes in financial position or cash flows, where applicable for the years then ended.

Village of Glendale
Hamilton County
Independent Auditor's Report (Continued)

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, 2010 and 2009, 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 May 6, 2011, 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.

Caudill & Associates, CPA

Caudill & Associates, CPA
May 6, 2011

**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, 2010**

| | Governmental Fund Types | | | | Totals (Memorandum Only) |
|--|--------------------------------|----------------------------|--------------------------|-----------------------------|---|
| | General | Special Revenue | Debt Service | Capital Projects | |
| Cash Receipts: | | | | | |
| Property and Local Taxes | \$ 1,826,684 | \$ 27,819 | \$ - | \$ 1,123 | \$ 1,855,626 |
| Intergovernmental | 1,328,086 | 149,488 | - | - | 1,477,574 |
| Charges for Services | 3,025 | - | 254,074 | 156,240 | 413,339 |
| Fines, Licenses and Permits | 83,926 | 26,590 | - | - | 110,516 |
| Earnings on Investments | 29,860 | - | - | 20 | 29,880 |
| Miscellaneous | 45,472 | 29,838 | - | 30,279 | 105,589 |
| | <u>3,317,053</u> | <u>233,735</u> | <u>254,074</u> | <u>187,662</u> | <u>3,992,524</u> |
| Cash Disbursements: | | | | | |
| Current: | | | | | |
| Security of Persons and Property | 1,022,276 | 59,850 | - | - | 1,082,126 |
| Public Health Services | 5,885 | - | - | - | 5,885 |
| Leisure Time Activities | 33,674 | 21,932 | - | - | 55,606 |
| Community Environment | 7,489 | - | - | - | 7,489 |
| Basic Utility Service | 445,984 | - | - | - | 445,984 |
| Transportation | 281,046 | 36,854 | - | - | 317,900 |
| General Government | 495,895 | 21,769 | - | - | 517,664 |
| Capital Outlay | 4,981 | 82,329 | 24,851 | 1,083,576 | 1,195,737 |
| Debt Service: | | | | | |
| Redemption of Principal | - | - | 238,625 | - | 238,625 |
| Interest and Fiscal Charges | - | - | 159,586 | - | 159,586 |
| | <u>2,297,230</u> | <u>222,734</u> | <u>423,062</u> | <u>1,083,576</u> | <u>4,026,602</u> |
| Total Cash Disbursements | <u>2,297,230</u> | <u>222,734</u> | <u>423,062</u> | <u>1,083,576</u> | <u>4,026,602</u> |
| Total Receipts Over/(Under) Disbursements | <u>1,019,823</u> | <u>11,001</u> | <u>(168,988)</u> | <u>(895,914)</u> | <u>(34,078)</u> |
| Other Financing Receipts / (Disbursements): | | | | | |
| Proceeds from Sale of Public Debt: | | | | | |
| Sale of Bonds | - | - | - | 45,103 | 45,103 |
| Sale of Notes | - | - | 24,851 | - | 24,851 |
| Transfers-In | - | - | - | 617,273 | 617,273 |
| Transfers-Out | (595,273) | - | - | (22,000) | (617,273) |
| Advances-In | 1,500 | 1,500 | - | - | 3,000 |
| Advances-Out | (1,500) | (1,500) | - | - | (3,000) |
| Other Financing Uses | - | (3,727) | - | - | (3,727) |
| | <u>(595,273)</u> | <u>(3,727)</u> | <u>24,851</u> | <u>640,376</u> | <u>66,227</u> |
| Total Other Financing Receipts / (Disbursements) | <u>(595,273)</u> | <u>(3,727)</u> | <u>24,851</u> | <u>640,376</u> | <u>66,227</u> |
| Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements | 424,550 | 7,274 | (144,137) | (255,538) | 32,149 |
| Fund Cash Balances, January 1 | <u>1,088,707</u> | <u>175,763</u> | <u>622,213</u> | <u>3,248,282</u> | <u>5,134,965</u> |
| Fund Cash Balances, December 31 | <u>\$ 1,513,257</u> | <u>\$ 183,037</u> | <u>\$ 478,076</u> | <u>\$ 2,992,744</u> | <u>\$ 5,167,114</u> |
| Reserve for Encumbrances, December 31 | <u>\$ 47,842</u> | <u>\$ 25,807</u> | <u>\$ -</u> | <u>\$ 259,815</u> | <u>\$ 333,464</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, 2010**

| | <u>Proprietary Fund Type</u> | <u>Fiduciary Fund Type</u> | <u>Totals (Memorandum Only)</u> |
|--|----------------------------------|--------------------------------|---|
| | <u>Enterprise</u> | <u>Agency</u> | |
| Operating Cash Receipts: | | | |
| Charges for Services | \$ 621,596 | \$ - | \$ 621,596 |
| Fines, Licenses and Permits | 33,007 | - | 33,007 |
| Total Operating Cash Receipts | <u>654,603</u> | <u>-</u> | <u>654,603</u> |
| Operating Cash Disbursements: | | | |
| Personal Services | 266,870 | - | 266,870 |
| Contractual Services | 316,396 | - | 316,396 |
| Supplies and Materials | 49,560 | - | 49,560 |
| Transportation | 742 | - | 742 |
| Total Operating Cash Disbursements | <u>633,568</u> | <u>-</u> | <u>633,568</u> |
| Operating Income/(Loss) | <u>21,035</u> | <u>-</u> | <u>21,035</u> |
| Non-Operating Cash Receipts: | | | |
| Earnings on Investments | 222 | - | 222 |
| Miscellaneous Receipts | 5,675 | - | 5,675 |
| Other Non-Operating Cash Receipts | - | 121,800 | 121,800 |
| Total Non-Operating Cash Receipts | <u>5,897</u> | <u>121,800</u> | <u>127,697</u> |
| Non-Operating Cash Disbursements: | | | |
| Capital Outlay | 27,650 | - | 27,650 |
| Redemption of Principal | 17,620 | - | 17,620 |
| Other Non-Operating Cash Disbursements | 296 | 119,140 | 119,436 |
| Total Non-Operating Cash Disbursements | <u>45,566</u> | <u>119,140</u> | <u>164,706</u> |
| Net Receipts Over/(Under) Disbursements | (18,634) | 2,660 | (15,974) |
| Fund Cash Balances, January 1 | <u>180,185</u> | <u>8,622</u> | <u>188,807</u> |
| Fund Cash Balances, December 31 | <u>\$ 161,551</u> | <u>\$ 11,282</u> | <u>\$ 172,833</u> |
| Reserve for Encumbrances, December 31 | <u>\$ 32,399</u> | <u>\$ -</u> | <u>\$ 32,399</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, 2009**

| | <u>Governmental Fund Types</u> | | | | Totals (Memorandum Only) |
|---|--------------------------------|----------------------------|-------------------------|-----------------------------|---|
| | <u>General</u> | <u>Special Revenue</u> | <u>Debt Service</u> | <u>Capital Projects</u> | |
| Cash Receipts: | | | | | |
| Property and Local Taxes | \$ 1,861,521 | \$ 28,371 | \$ 27 | \$ - | \$ 1,889,919 |
| Intergovernmental | 2,316,963 | 240,993 | - | 1,123 | 2,559,079 |
| Charges for Services | 5,695 | - | 279,684 | 169,065 | 454,444 |
| Fines, Licenses and Permits | 73,302 | 5,020 | - | - | 78,322 |
| Earnings on Investments | 24,457 | - | - | - | 24,457 |
| Miscellaneous | 54,643 | 48,780 | - | - | 103,423 |
| | <u>4,336,581</u> | <u>323,164</u> | <u>279,711</u> | <u>170,188</u> | <u>5,109,644</u> |
| Total Cash Receipts | | | | | |
| Cash Disbursements: | | | | | |
| Current: | | | | | |
| Security of Persons and Property | 1,032,502 | 14,400 | - | - | 1,046,902 |
| Public Health Services | 6,104 | - | - | - | 6,104 |
| Leisure Time Activities | 34,678 | 22,305 | - | - | 56,983 |
| Community Environment | 1,433 | - | - | - | 1,433 |
| Basic Utility Service | 455,566 | - | - | - | 455,566 |
| Transportation | 283,757 | 52,738 | - | - | 336,495 |
| General Government | 508,526 | 15,397 | - | - | 523,923 |
| Capital Outlay | 9,639 | 128,071 | 52,831 | 840,575 | 1,031,116 |
| Debt Service: | | | | | |
| Redemption of Principal | - | - | 232,195 | - | 232,195 |
| Interest and Fiscal Charges | - | - | 166,329 | - | 166,329 |
| | <u>2,332,205</u> | <u>232,911</u> | <u>451,355</u> | <u>840,575</u> | <u>3,857,046</u> |
| Total Cash Disbursements | | | | | |
| Total Receipts Over/(Under) Disbursements | <u>2,004,376</u> | <u>90,253</u> | <u>(171,644)</u> | <u>(670,387)</u> | <u>1,252,598</u> |
| Other Financing Receipts / (Disbursements): | | | | | |
| Proceeds from Sale of Public Debt: | | | | | |
| Sale of Notes | - | - | 52,831 | 316,801 | 369,632 |
| Sale of Fixed Assets | 675 | - | - | - | 675 |
| Transfers-In | 99,580 | 1,500 | - | 1,781,515 | 1,882,595 |
| Transfers-Out | (1,783,015) | (99,580) | - | - | (1,882,595) |
| Other Financing Sources | 4,617 | - | - | - | 4,617 |
| Other Financing Uses | - | (1) | - | - | (1) |
| | <u>(1,678,143)</u> | <u>(98,081)</u> | <u>52,831</u> | <u>2,098,316</u> | <u>374,923</u> |
| Total Other Financing Receipts / (Disbursements) | | | | | |
| Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements | 326,233 | (7,828) | (118,813) | 1,427,929 | 1,627,521 |
| Fund Cash Balances, January 1 | <u>762,474</u> | <u>183,591</u> | <u>741,026</u> | <u>1,820,353</u> | <u>3,507,444</u> |
| Fund Cash Balances, December 31 | <u>\$ 1,088,707</u> | <u>\$ 175,763</u> | <u>\$ 622,213</u> | <u>\$ 3,248,282</u> | <u>\$ 5,134,965</u> |
| Reserve for Encumbrances, December 31 | <u>\$ 58,569</u> | <u>\$ 23,454</u> | <u>\$ -</u> | <u>\$ 102,222</u> | <u>\$ 184,245</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, 2009**

| | <u>Proprietary Fund Type</u> | <u>Fiduciary Fund Type</u> | <u>Totals (Memorandum Only)</u> |
|--|----------------------------------|--------------------------------|---|
| | <u>Enterprise</u> | <u>Agency</u> | |
| Operating Cash Receipts: | | | |
| Charges for Services | \$ 643,129 | \$ - | \$ 643,129 |
| Miscellaneous | 79 | - | 79 |
| Total Operating Cash Receipts | <u>643,208</u> | <u>-</u> | <u>643,208</u> |
| Operating Cash Disbursements: | | | |
| Personal Services | 234,043 | - | 234,043 |
| Contractual Services | 233,413 | - | 233,413 |
| Supplies and Materials | 49,457 | - | 49,457 |
| Transportation | 3,287 | - | 3,287 |
| Total Operating Cash Disbursements | <u>520,200</u> | <u>-</u> | <u>520,200</u> |
| Operating Income/(Loss) | <u>123,008</u> | <u>-</u> | <u>123,008</u> |
| Non-Operating Cash Receipts: | | | |
| Other Non-Operating Cash Receipts | - | 100,038 | 100,038 |
| Total Non-Operating Cash Receipts | <u>-</u> | <u>100,038</u> | <u>100,038</u> |
| Non-Operating Cash Disbursements: | | | |
| Capital Outlay | 14,564 | - | 14,564 |
| Redemption of Principal | 53,780 | - | 53,780 |
| Interest and Other Fiscal Charges | 816 | - | 816 |
| Other Non-Operating Cash Disbursements | 584 | 97,305 | 97,889 |
| Total Non-Operating Cash Disbursements | <u>69,744</u> | <u>97,305</u> | <u>167,049</u> |
| Net Receipts Over/(Under) Disbursements | 53,264 | 2,733 | 55,997 |
| Fund Cash Balances, January 1 | <u>126,921</u> | <u>5,889</u> | <u>132,810</u> |
| Fund Cash Balances, December 31 | <u>\$ 180,185</u> | <u>\$ 8,622</u> | <u>\$ 188,807</u> |
| Reserve for Encumbrances, December 31 | <u>\$ 40,942</u> | <u>\$ -</u> | <u>\$ 40,942</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, 2010 AND 2009**

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'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. 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 fund reports.

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.

**VILLAGE OF GLENDALE
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

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:

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

Police and Fire Disability and Pension Fund – This fund receives local monies to fund the police and fire pension obligation.

3. Debt Service Fund

This fund accounts 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 fund:

Village Capital Project Fund – This fund receives transfers from the general fund. The proceeds are being used to purchase 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 build a 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, 2010 AND 2009
(Continued)**

6. Fiduciary Funds

Village fiduciary funds include 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 account 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.

A summary of 2010 and 2009 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, 2010 AND 2009
(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:

| | 2010 | 2009 |
|--------------------------------|-------------|-------------|
| Demand deposits | \$5,025,417 | \$3,879,555 |
| Certificates of deposit | 25,000 | 1,155,000 |
| Total deposits | \$5,050,417 | \$5,034,555 |
| | | |
| STAR Ohio | 289,530 | 289,217 |
| Total investments | 289,530 | 289,217 |
| Total deposits and investments | \$5,339,947 | \$5,323,772 |

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: 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, 2010 and 2009 follows:

| 2010 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|-------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$2,330,597 | \$3,317,053 | \$986,456 |
| Special Revenue | 226,650 | 233,735 | 7,085 |
| Debt Service | 280,000 | 278,925 | (1,075) |
| Capital Projects | 360,675 | 850,038 | 489,363 |
| Enterprise | 678,000 | 660,500 | (17,500) |
| Fiduciary | 1,500 | 0 | (1,500) |
| Total | \$3,877,422 | \$5,340,251 | \$1,462,829 |

| 2010 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|-----------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$3,042,567 | \$2,940,345 | \$102,222 |
| Special Revenue | 324,001 | 252,268 | 71,733 |
| Debt Service | 430,952 | 423,062 | 7,890 |
| Capital Projects | 1,598,106 | 1,365,391 | 232,715 |
| Enterprise | 747,504 | 711,533 | 35,971 |
| Fiduciary | 2,076 | 0 | 2,076 |
| Total | \$6,145,206 | \$5,692,599 | \$452,607 |

**VILLAGE OF GLENDALE
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
|------------------|----------------------|--------------------|------------------|
| General | \$4,425,642 | \$4,441,453 | \$15,811 |
| Special Revenue | 303,287 | 324,664 | 21,377 |
| Debt Service | 305,000 | 332,542 | 27,542 |
| Capital Projects | 2,139,521 | 2,268,504 | 128,983 |
| Enterprise | 668,000 | 643,208 | (24,792) |
| Fiduciary | 100 | 0 | (100) |
| Total | <u>\$7,841,550</u> | <u>\$8,010,371</u> | <u>\$168,821</u> |

2009 Budgeted vs. Actual Budgetary Basis Expenditures

| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
|------------------|----------------------------|---------------------------|------------------|
| General | \$4,642,437 | \$4,173,789 | \$468,648 |
| Special Revenue | 443,813 | 355,946 | 87,867 |
| Debt Service | 424,924 | 451,355 | (26,431) |
| Capital Projects | 744,465 | 942,797 | (198,332) |
| Enterprise | 752,030 | 630,886 | 121,144 |
| Fiduciary | 1,076 | 0 | 1,076 |
| Total | <u>\$7,008,745</u> | <u>\$6,554,773</u> | <u>\$453,972</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 personal property located within the Village. 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.

**VILLAGE OF GLENDALE
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

5. Debt

Debt outstanding at December 31, 2010 was as follows:

| | | |
|--|---------------------------|-------|
| Ohio Public Works Commission Loan CB327 | \$26,430 | 0.00% |
| Ohio Water Development Authority Loan 4644 | \$5,610,660 | 2.75% |
| State Capital Improvement Loan Program | <u>\$586,103</u> | 0.00% |
| Total | <u><u>\$6,223,193</u></u> | |

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 received a State Capital Improvements Program Loan in 2007 and 2008 for the construction of a new wastewater treatment plant. As of December 31, 2010, the Village has received \$5,965,185 of the \$6,094,568 awarded and \$116,294 in capitalized interest. The Village began repaying the loan in January of 2009 over 20 years.

The Village received a State Capital Improvements Program Loan in 2007 and 2008 for the construction of a new wastewater treatment plant. As of December 31, 2010, the Village has received \$586,103 of the \$1,500,000 awarded. In 2011, the Village will begin repayments of this loan, in semi-annual amounts of \$75,000 over 10 years.

The Village's taxing authority collateralized the bonds.

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

| Year ending December 31: | OPWC CB327 | Water Pollution Control Loan | State Capital Improvements Program Loan |
|--------------------------|------------------------|------------------------------------|---|
| 2011 | \$17,620 | \$366,593 | \$150,000 |
| 2012 | 8,810 | 366,593 | 150,000 |
| 2013 | - | 366,593 | 150,000 |
| 2014 | - | 366,593 | 150,000 |
| 2015 | - | 366,593 | 150,000 |
| 2016-2020 | - | 1,832,964 | 750,000 |
| 2021-2025 | - | 1,832,964 | - |
| 2026-2030 | - | 1,099,779 | - |
| Total | <u><u>\$26,430</u></u> | <u><u>\$6,598,672</u></u> | <u><u>\$1,500,000</u></u> |

**VILLAGE OF GLENDALE
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(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 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 2010 and 2009, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.55% of the police participant wages. For 2010 and 2009, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equal to 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2010.

7. Risk Management

The Village 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 600 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 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 issues its own policies and reinsures the Plan with A-VII or better rated carriers, except 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 to generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2009 and 2008.

| | <u>2009</u> | <u>2008</u> |
|-----------------|--------------------|--------------------|
| Assets | \$11,176,186 | \$10,471,114 |
| Liabilities | (4,852,485) | (5,286,781) |
| Members' Equity | <u>\$6,323,701</u> | <u>\$5,184,333</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, 2010 AND 2009
(Continued)**

8. Transfers

Transfers are used to move revenues from funds that statute or budget requires to collect them to funds that statute or budget requires to expend them; to segregate money for anticipated capital projects; to provide additional resources for current operations or debt service; to return money to the fund from which it was originally provided once a project is completed; and to transfer capital assets. In 2009, the Village transferred \$99,580 from the FEMA Grant Fund to the General Fund in order to repay funds transferred to cover costs in anticipation of grant monies to be received. In 2010, the Village transferred \$22,000 from the Village Capital Fund to the Fire Apparatus Fund in order to increase fund balance for future equipment costs.

| Year | Fund | Transfer-In | Transfer-Out |
|------|----------------------------------|------------------|------------------|
| 2009 | General Fund | \$ 99,580 | \$ - |
| | FEMA Grant Fund | - | 99,580 |
| | Total | <u>\$ 99,580</u> | <u>\$ 99,580</u> |
| 2010 | Fire Apparatus Fund | \$ 22,000 | \$ - |
| | Village Capital Improvement Fund | - | 22,000 |
| | Total | <u>\$ 22,000</u> | <u>\$ 22,000</u> |

9. Compliance

Contrary to Ohio Rev. Code Section 5705.41(B), expenditures exceeded appropriations in the Village Capital Fund, Water Treatment Improvement Fund and the Water Works Fund in 2009.

Contrary to Ohio Rev. Code Section 5705.41(D), the Village did not properly certify funds prior to a commitment being paid during 2010 and 2009. 26% of 2010 and 32% of 2009 expenditures tested were not properly certified.



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

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

To the Village Council:

We have audited the financial statements of the Village of Glendale, Hamilton County, (the Village) as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated May 6, 2011. 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings and responses 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 deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2010-03 described in the accompanying schedule of findings and responses to be a material weakness.

Village of Glendale
Hamilton County
Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards* (Continued)

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 two instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings and responses as items 2010-01 and 2010-02.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated May 6, 2011.

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. 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 management, Village Council, others within the Village and the Auditor of State. We intend it for no one other than these specified parties.

Caudill & Associates, CPA

Caudill & Associates, CPA
May 6, 2011

**VILLAGE OF GLENDALE
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2010 AND 2009**

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

FINDING NUMBER 2010-01

Noncompliance Citation – Ohio Rev. Code Section 5705.41(B)

Ohio Rev. Code Section 5705.41(B) prohibits a subdivision or taxing unit from making an expenditure unless it has been appropriated.

Expenditures exceeded appropriations in the Village Capital Fund, Water Treatment Improvement Fund and the Water Works Fund in 2009.

We recommend the Village Clerk deny payment requests and not certify the availability of funds exceeding appropriations. The Village Clerk may request Council to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

Village Response:

The Village Clerk will deny payment requests and not certify the availability of funds exceeding appropriations. If necessary, Council will be asked to increase appropriations and amend certificate of estimated resources.

FINDING NUMBER 2010-02

Noncompliance Citation – Ohio Rev. Code Section 5705.41(D)

Ohio Rev. Code Section 5705.41(D)(1) states no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer attached that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

The following exceptions to this basic requirement are provided by the Ohio Rev. Code Section 5705.41

(D) (1):

Then and Now Certificate: If the fiscal officer can certify that both at the time the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has 30 days from the receipt of the “then and now” certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

Amounts of less than \$100 for counties, or less than \$3,000 for other political subdivisions, may be paid by the fiscal officer without such affirmation of the taxing authority 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 taxing authority.

The Village did not properly certify the availability of funds prior to obligation for 26% of purchases tested in 2010 and 32% of purchases tested in 2009.

We recommend the Village implement policies to ensure that all purchases first have monies certified by the fiscal officer before purchasing or ordering an item. We also recommend the use of a “then and now” certificate in instances of emergency or absence of proper authority.

VILLAGE OF GLENDALE
HAMILTON COUNTY

SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2010 AND 2009
(Continued)

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

FINDING NUMBER 2010-02

Noncompliance Citation – Ohio Rev. Code Section 5705.41(D)

Village Response:

The Village will implement policies that ensure all purchases first have monies certified by the clerk treasurer before a purchase or order is made. In the case of emergencies, the “Then and Now” certificate will be used.

FINDING NUMBER 2010-03

Material Weakness – Recording of Receipts and Debt Proceeds

The AICPA establishes auditing standards generally accepted in the United States that certified public accountants and government auditors must follow in conducting audits of state and local governments. SAS No. 115 establishes standards, responsibilities and guidance for audits during a financial statement audit engagement for identifying and evaluating a client’s internal control over financial reporting. This new standard requires the auditor to report *in writing* to management and the governing body any control deficiencies found during the engagement that are considered deficiencies, significant deficiencies or material weaknesses.

During 2009 and 2010, the Village received debt proceeds for Wastewater Treatment Plant Improvements. The larger amount of the debt proceeds were paid directly to the contractors. The Village did not record the proceeds that went directly to the contractors as debt proceeds in its books. These required adjustments to properly record all debt proceeds. Also during 2009, the Village erroneously posted a transfer from the FEMA Grant Fund to the General Fund as an other financing source. This required an adjustment to properly record all transfers.

We recommend the Village implement control procedures related to financial reporting that enable management to identify, prevent, detect, and correct potential misstatements in the financial statements and footnotes. We also recommend the Village follow guidance from the Auditor of State Bulletin 98-013 regarding FEMA monies.

Village Response:

The Village will ensure that all postings are made appropriately.

**VILLAGE OF GLENDALE
HAMILTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2010 AND 2009**

| Finding Number | Finding Summary | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i> |
|----------------|---|------------------|--|
| 2008-01 | Noncompliance citation – ORC 5705.36 | Yes | Corrected |
| 2008-02 | Noncompliance citation – ORC 5705.41(B) | No | Reissued as Finding 2010-01 |
| 2008-03 | Significant deficiency/material weakness – Recording of pass-through monies | No | Reissued as Finding 2010-03 |

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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
JUNE 28, 2011