

VILLAGE OF GLENDALE
HAMILTON COUNTY, OHIO

**FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2016 AND 2015**



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, 2015 through December 31, 2016. 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

June 14, 2017

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**VILLAGE OF GLENDALE
HAMILTON COUNTY, OHIO**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor’s Report.....	1
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2016.....	3
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Proprietary and Fiduciary Fund Types - For the Year Ended December 31, 2016.....	4
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2015.....	5
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Proprietary and Fiduciary Fund Types - For the Year Ended December 31, 2015.....	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>	16
Schedule of Findings.....	18
Schedule of Prior Audit Findings.....	19

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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 of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Glendale, Hamilton County, (the Village) as of and for the years ended December 31, 2016 and 2015.

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 opinions.

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2016 and 2015, 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, 2016 and 2015, 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 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 12, 2017, 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
May 12, 2017

Village of Glendale
Hamilton County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2016

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts:				
Property and Other Local Taxes	\$ 1,816,621	\$ 25,847	\$ -	\$ 1,842,468
Intergovernmental	370,006	583,080	-	953,086
Charges for Services	22,493	27,287	-	49,780
Fines, Licenses and Permits	124,747	26,310	-	151,057
Earnings on Investments	115,617	-	(1,584)	114,033
Miscellaneous	3,083	30,103	-	33,186
<i>Total Cash Receipts</i>	<u>2,452,567</u>	<u>692,627</u>	<u>(1,584)</u>	<u>3,143,610</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	1,045,575	236,322	-	1,281,897
Public Health Services	6,233	-	-	6,233
Leisure Time Activities	19,070	22,202	-	41,272
Basic Utility Services	352,397	-	-	352,397
Transportation	225,869	26,005	-	251,874
General Government	451,216	11,661	14,253	477,130
Capital Outlay	-	54,421	206,033	260,454
<i>Total Cash Disbursements</i>	<u>2,100,360</u>	<u>350,611</u>	<u>220,286</u>	<u>2,671,257</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	352,207	342,016	(221,870)	472,353
Other Financing Receipts (Disbursements):				
Transfers-In	-	-	220,008	220,008
Transfers-Out	(220,008)	-	-	(220,008)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(220,008)</u>	<u>-</u>	<u>220,008</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	132,199	342,016	(1,862)	472,353
<i>Fund Cash Balances, January 1</i>	<u>2,313,326</u>	<u>321,250</u>	<u>8,019,314</u>	<u>10,653,890</u>
Fund Cash Balances, December 31				
Restricted	-	663,266	-	663,266
Assigned	415,765	-	8,017,452	8,433,217
Unassigned	2,029,760	-	-	2,029,760
<i>Fund Cash Balances, December 31</i>	<u>\$ 2,445,525</u>	<u>\$ 663,266</u>	<u>\$ 8,017,452</u>	<u>\$ 11,126,243</u>

See accompanying notes to the basic financial statements

Village of Glendale
Hamilton County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Proprietary and Fiduciary Fund Types
For the Year Ended December 31, 2016

	Proprietary Fund Types <u>Enterprise</u>	Fiduciary Fund Types <u>Agency</u>	Totals (Memorandum Only) <u>Only</u>
Operating Cash Receipts:			
Charges for Services	\$ 1,196,997	\$ -	\$ 1,196,997
Fines, Licenses and Permits	30,494	-	30,494
Miscellaneous	241	-	241
	<u>1,227,732</u>	<u>-</u>	<u>1,227,732</u>
Operating Cash Disbursements:			
Personal Services	168,194	-	168,194
Employee Fringe Benefits	89,847	-	89,847
Contractual Services	311,494	-	311,494
Supplies and Materials	38,980	-	38,980
	<u>608,515</u>	<u>-</u>	<u>608,515</u>
Operating Income	<u>619,217</u>	<u>-</u>	<u>619,217</u>
Non-Operating Receipts (Disbursements)			
Special Assessments	1,504	-	1,504
Proceeds from OPWC Loan	10,000	-	10,000
Capital Outlay	(52,864)	-	(52,864)
Principal Retirement	(452,846)	-	(452,846)
Interest and Fiscal Charges	(127,036)	-	(127,036)
Other Financing Sources	-	131,646	131,646
Other Financing Uses	-	(123,447)	(123,447)
	<u>(621,242)</u>	<u>8,199</u>	<u>(613,043)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(621,242)</u>	<u>8,199</u>	<u>(613,043)</u>
<i>Net Change in Fund Cash Balances</i>	(2,025)	8,199	6,174
<i>Fund Cash Balances, January 1</i>	<u>1,191,003</u>	<u>21,350</u>	<u>1,212,353</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,188,978</u>	<u>\$ 29,549</u>	<u>\$ 1,218,527</u>

See accompanying notes to the basic financial statements

Village of Glendale
Hamilton County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2015

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts:				
Property and Other Local Taxes	\$ 1,798,617	\$ 29,716	\$ -	\$ 1,828,333
Intergovernmental	6,591,846	127,434	-	6,719,280
Charges for Services	30,848	24,974	-	55,822
Fines, Licenses and Permits	120,852	22,977	-	143,829
Earnings on Investments	36,571	329	(4,311)	32,589
Miscellaneous	2,390	5,756	-	8,146
<i>Total Cash Receipts</i>	<u>8,581,124</u>	<u>211,186</u>	<u>(4,311)</u>	<u>8,787,999</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	1,006,290	49,705	-	1,055,995
Public Health Services	6,121	-	-	6,121
Leisure Time Activities	18,701	23,397	-	42,098
Basic Utility Services	377,269	-	-	377,269
Transportation	224,149	57,198	-	281,347
General Government	425,770	-	-	425,770
Capital Outlay	-	103,571	104,384	207,955
<i>Total Cash Disbursements</i>	<u>2,058,300</u>	<u>233,871</u>	<u>104,384</u>	<u>2,396,555</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	6,522,824	(22,685)	(108,695)	6,391,444
Other Financing Receipts (Disbursements):				
Sale of Capital Assets	1,800	-	-	1,800
Transfers-In	-	-	6,300,000	6,300,000
Transfers-Out	(6,300,000)	-	-	(6,300,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(6,298,200)</u>	<u>-</u>	<u>6,300,000</u>	<u>1,800</u>
<i>Net Change in Fund Cash Balances</i>	224,624	(22,685)	6,191,305	6,393,244
<i>Fund Cash Balances, January 1</i>	<u>2,088,702</u>	<u>343,935</u>	<u>1,828,009</u>	<u>4,260,646</u>
Fund Cash Balances, December 31				
Restricted	-	321,250	-	321,250
Assigned	170,776	-	8,019,314	8,190,090
Unassigned	2,142,550	-	-	2,142,550
<i>Fund Cash Balances, December 31</i>	<u>\$ 2,313,326</u>	<u>\$ 321,250</u>	<u>\$ 8,019,314</u>	<u>\$ 10,653,890</u>

See accompanying notes to the basic financial statements

Village of Glendale
Hamilton County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Proprietary and Fiduciary Fund Types
For the Year Ended December 31, 2015

	Proprietary Fund Types <u>Enterprise</u>	Fiduciary Fund Types <u>Agency</u>	Totals (Memorandum Only) <u>Only</u>
Operating Cash Receipts:			
Charges for Services	\$ 1,137,567	\$ -	\$ 1,137,567
Fines, Licenses and Permits	22,156	-	22,156
Miscellaneous	27,789	-	27,789
	<u>1,187,512</u>	<u>-</u>	<u>1,187,512</u>
Operating Cash Disbursements:			
Personal Services	168,970	-	168,970
Employee Fringe Benefits	91,840	-	91,840
Contractual Services	263,074	-	263,074
Supplies and Materials	39,408	-	39,408
	<u>563,292</u>	<u>-</u>	<u>563,292</u>
Operating Income	<u>624,220</u>	<u>-</u>	<u>624,220</u>
Non-Operating Receipts (Disbursements)			
Special Assessments	1,191	-	1,191
Proceeds from OPWC Loan	352,863	-	352,863
Proceeds from OWDA Loan	14,895	-	14,895
Miscellaneous Receipts	12,929	-	12,929
Capital Outlay	(430,777)	-	(430,777)
Principal Retirement	(425,369)	-	(425,369)
Interest and Fiscal Charges	(134,967)	-	(134,967)
Other Financing Sources	-	113,690	113,690
Other Financing Uses	-	(113,129)	(113,129)
	<u>(609,235)</u>	<u>561</u>	<u>(608,674)</u>
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(609,235)</u>	<u>561</u>	<u>(608,674)</u>
<i>Net Change in Fund Cash Balances</i>	14,985	561	15,546
<i>Fund Cash Balances, January 1</i>	<u>1,176,018</u>	<u>20,789</u>	<u>1,196,807</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,191,003</u>	<u>\$ 21,350</u>	<u>\$ 1,212,353</u>

See accompanying notes to the basic financial statements

VILLAGE OF GLENDALE
Hamilton County, Ohio

Notes to the Financial Statements
For the Years Ended December 31, 2016 and 2015

Note 1 – Reporting Entity

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

Public Entity Risk Pool

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

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

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

VILLAGE OF GLENDALE
Hamilton County, Ohio

Notes to the Financial Statements
For the Years Ended December 31, 2016 and 2015

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

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

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

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

Fiduciary Funds Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

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 the financial activity of the Village Mayor's Court and unclaimed funds.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

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

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

VILLAGE OF GLENDALE
Hamilton County, Ohio

Notes to the Financial Statements
For the Years Ended December 31, 2016 and 2015

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

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

A summary of 2016 and 2015 budgetary activity appears in Note 3.

Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Capital Assets

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

Accumulated Leave

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

Fund Balance

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

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

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

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

VILLAGE OF GLENDALE
Hamilton County, Ohio

Notes to the Financial Statements
For the Years Ended December 31, 2016 and 2015

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

Unassigned Unassigned fund balance is the residual classification for the General Fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Note 3 – Budgetary Activity

Budgetary activity for the years ending December 31, 2016 and 2015 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 2,347,272	\$ 2,452,567	\$ 105,295
Special Revenue	648,856	692,627	43,771
Capital Projects	220,008	218,424	(1,584)
Enterprise	1,233,837	1,239,236	5,399
Total	\$ 4,449,973	\$ 4,602,854	\$ 152,881

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 2,518,048	\$ 2,357,347	\$ 160,701
Special Revenue	907,750	472,358	435,392
Capital Projects	417,720	223,803	193,917
Enterprise	1,539,792	1,262,182	277,610
Total	\$ 5,383,310	\$ 4,315,690	\$ 1,067,620

VILLAGE OF GLENDALE
Hamilton County, Ohio

Notes to the Financial Statements
For the Years Ended December 31, 2016 and 2015

2015 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 8,433,348	\$ 8,582,924	\$ 149,576
Special Revenue	218,114	211,186	(6,928)
Capital Projects	6,300,000	6,295,689	(4,311)
Enterprise	1,710,377	1,569,390	(140,987)
Total	\$ 16,661,839	\$ 16,659,189	\$ (2,650)

2015 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 8,580,372	\$ 8,389,457	\$ 190,915
Special Revenue	498,057	236,841	261,216
Capital Projects	357,502	134,384	223,118
Enterprise	1,907,791	1,585,456	322,335
Total	\$ 11,343,722	\$ 10,346,138	\$ 997,584

Note 4 – Deposits and Investments

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

	2016	2015
Demand deposits	\$3,531,387	\$3,345,523
Certificates of deposit	4,465,672	2,996,677
Total deposits	7,997,059	6,342,200
Money market mutual funds	13,467	38,949
US Treasury Notes	2,769,390	3,586,794
Federal Home Loan Bank	499,812	699,842
Federal Home Loan Mortgage Corp.	249,722	699,560
Federal National Mortgage Association	249,542	249,542
Federal Farm Credit Bank	249,356	249,356
Corporate notes	216,422	-
Municipal bonds	100,000	-
Total investments	4,347,711	5,524,043
Total deposits and investments	\$12,344,770	\$11,866,243

VILLAGE OF GLENDALE
Hamilton County, Ohio

Notes to the Financial Statements
For the Years Ended December 31, 2016 and 2015

Deposits

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

Investments

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

Note 5 – Property Taxes

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

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

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

Note 6 – Risk Management

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

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

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

Casualty and Property Coverage

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

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

VILLAGE OF GLENDALE
Hamilton County, Ohio

Notes to the Financial Statements
For the Years Ended December 31, 2016 and 2015

Financial Position

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

	<u>2016</u>
Assets	\$42,182,281
Liabilities	<u>(13,396,700)</u>
Net Position	<u>\$28,785,581</u>

At December 31, 2016 the liabilities above include approximately 12.0 million of estimated incurred claims payable. The assets above also include approximately \$11.5 million of unpaid claims to be billed. The Pool's membership increased to 520 members in 2016. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2016, the Village's share of these unpaid claims collectible in future years is approximately \$32,000.

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

2016 Contributions to PEP
\$50,397

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

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. For 2015 and 2016, 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, 2016.

Ohio Police and Fire Retirement System

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

VILLAGE OF GLENDALE
Hamilton County, Ohio

Notes to the Financial Statements
For the Years Ended December 31, 2016 and 2015

The Ohio Revised Code also prescribes contribution rates. For January 1, 2015-June 30, 2015 OP&F participants contributed 11.50% of their wages. For July 1, 2015-December 31, 2016 participants contributed 12.25%. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2016.

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits, and OP&F contributes 0.5 percent to fund these benefits.

Note 9 – Debt

Debt outstanding at December 31, 2016 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan #4644	\$ 4,037,972	2.75%
Ohio Water Development Authority Loan #6546	\$ 263,360	3.74%
Ohio Public Works Commission Loan #CB11K	412,500	0.00%
Ohio Public Works Commission Loan #CB08L	509,247	0.00%
Ohio Public Works Commission Loan #CB28R	562,299	0.00%
Total	<u>\$ 5,785,378</u>	

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

VILLAGE OF GLENDALE
Hamilton County, Ohio

Notes to the Financial Statements
For the Years Ended December 31, 2016 and 2015

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

Year ending December 31:	OWDA #4644	OPWC #CB11K	OPWC #CB08L	OPWC #CB28R	Total
2017	\$ 397,355	\$ 75,000	\$ 72,749	\$ 28,836	\$ 573,940
2018	397,356	75,000	72,750	28,836	573,942
2019	397,355	75,000	72,749	28,836	573,940
2020	397,356	75,000	72,750	28,836	573,942
2021	397,355	75,000	72,749	28,836	573,940
2022-2026	1,986,777	37,500	145,500	144,179	2,313,956
2027-2031	794,711	-	-	144,179	938,890
2032-2036	-	-	-	129,761	129,761
Total	<u>\$ 4,768,265</u>	<u>\$ 412,500</u>	<u>\$ 509,247</u>	<u>\$ 562,299</u>	<u>\$ 6,252,311</u>

Note 10 – 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 has completed the improvements to the Wastewater Treatment plant in compliance with the OEPA Order. While the Village continues to operate and maintain the plant to achieve the best quality effluent possible, a formal termination of the order has not been requested. The Village intends to request termination of the order prior to expiration of the current NPDES permit in February 2018.

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.

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
30 Village Square
Glendale, Ohio 45246

To the Village Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Glendale, Hamilton County, (the Village), as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated May 12, 2017 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

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

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 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2016-01 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*.

Village's Response to Finding

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
May 12, 2017

**VILLAGE OF GLENDALE
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2016 AND 2015**

FINDING NUMBER 2016-01

Material Weakness - Financial Reporting

We identified misstatements in the financial statements that were not initially identified by the Village's internal control. Adjustments were necessary to correct the Village's financial statements. The adjustments made are as follows:

- For 2015, an audit adjustment totaling \$169,334 was made to reduce amounts recorded as loan proceeds and the related capital expenditure made on behalf of the Village by OPWC. The related transactions occurred during 2014 and were previously included in the 2014 financial statements.
- For 2016 and 2015, audit adjustments totaling \$53,043 were made to properly record loan proceeds and the related capital expenditure for transactions made on behalf of the Village by OPWC in the correct year. The related transaction occurred during 2015 but was recorded during 2016.
- For 2016 and 2015, reclassification entries totaling \$6,049 and \$11,890 were made to various funds in order to properly present receipt transactions in an appropriate financial statement line item classification. The Village had initially presented these items as Other Financing Sources.
- For 2016 and 2015, reclassification entries totaling \$1,000 and \$9,959 were made to various funds in order to properly present expense transactions in an appropriate financial statement line item classification. The Village had initially presented these items as Other Financing Uses.
- For 2016 and 2015, fund balance classifications were not properly made in accordance with the requirements of GASB 54. The Village incorrectly reported all amounts for year end encumbrances totaling \$162,243 for 2016 and \$64,127 for 2015 as committed. In addition, the Village did not classify a portion of the General Fund's year end cash balance as assigned for that portion budgeted to fund subsequent year's appropriations. For 2016 and 2015, the portion of the General Fund's unassigned fund cash balance that was reclassified to assigned fund balance totaled \$378,786 and \$139,619, respectively. For 2015, the Village also incorrectly classified \$7,989,314 of its capital project fund balance as restricted instead of assigned.
- For 2016 and 2015, the balances and activity of the Mayor's Court Agency Fund were not presented in the financial statements presented for audit.

The Village's financial statements and footnotes have been adjusted to reflect proper amounts.

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 OPWC transactions were recorded when information was made available. The accounting system, once closed, did not allow entries to be made in the proper year. As for the requirements of GASB 54, and presenting the Mayor's Court activity, the Village will provide proper presentation in the future.

**VILLAGE OF GLENDALE
HAMILTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2016 AND 2015**

Finding Number	Finding Summary	Fully Corrected?	Status Explanation
2014-01	Internal controls over Financial Reporting-audit adjustments.	No	Reissued as Finding 2016-01.

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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 27, 2017