

Village of Glenwillow Cuyahoga County

**Financial Statement
For the Years Ended
December 31, 2017 and December 31, 2016**



Dave Yost • Auditor of State

Village Council
Village of Glenwillow
29555 Pettibone Road
Glenwillow, OH 44139

We have reviewed the *Independent Auditor's Report* of the Village of Glenwillow, Cuyahoga County, prepared by Ciuni & Panichi, Inc., for the audit period January 1, 2016 through December 31, 2017. 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 Glenwillow is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

September 10, 2018

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Village of Glenwillow

For the Years Ended December 31, 2017 and December 31, 2016

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Independent Auditor's Report

Members of Village Council
Glenwillow, Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of all governmental fund types and all fiduciary fund types of the Village of Glenwillow, Ohio (the "Village"), which comprise the combined statements of cash receipts, cash disbursements, and changes in fund cash balances (cash basis) by fund type, and related notes as of and for the years ended December 31, 2017 and 2016.

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, as described in Note 2. Management is also responsible for the design, implementation and maintenance of internal control relevant to preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Members of Village Council
Glenwillow, Ohio

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, 2017 and 2016, and the respective changes in financial position thereof for the years then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Village as of December 31, 2017 and 2016, and 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 June 22, 2018, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's 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.

Cienni + Panichi, Inc.

Cleveland, Ohio
June 22, 2018

Village of Glenwillow

Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances (Cash Basis) - All Governmental Fund Types

For the Year Ended December 31, 2017

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash receipts:					
Property and local taxes	\$ 219,299	\$ 3,524	\$ -	\$ -	\$ 222,823
Municipal income tax	3,034,050	269,693	67,423	-	3,371,166
Intergovernmental	21,849	115,307	-	434,479	571,635
Special assessments	-	-	74,704	-	74,704
Charges for services	-	-	-	61,408	61,408
Fines, licenses and permits	312,191	2,121	-	-	314,312
Earnings on investments	9,782	-	-	-	9,782
Miscellaneous	84,991	26,063	-	181,544	292,598
Total cash receipts	<u>3,682,162</u>	<u>416,708</u>	<u>142,127</u>	<u>677,431</u>	<u>4,918,428</u>
Cash disbursements:					
Current:					
Security of persons and property	1,105,706	2,348	-	-	1,108,054
Public health services	4,057	-	-	-	4,057
Leisure time activities	-	10,863	-	-	10,863
Community environment	98,671	-	-	-	98,671
Transportation	-	592,331	-	-	592,331
General government	1,763,976	27,375	-	-	1,791,351
Capital outlay	-	28,309	-	1,281,940	1,310,249
Debt service:					
Principal payments	-	31,136	195,200	34,932	261,268
Interest and fiscal charges	-	4,317	40,853	6,213	51,383
Total cash disbursements	<u>2,972,410</u>	<u>696,679</u>	<u>236,053</u>	<u>1,323,085</u>	<u>5,228,227</u>
Excess receipts over (under) disbursements	<u>709,752</u>	<u>(279,971)</u>	<u>(93,926)</u>	<u>(645,654)</u>	<u>(309,799)</u>
Other financing receipts (disbursements):					
Sale of notes	-	-	-	100,000	100,000
Loan proceeds	-	-	-	266,667	266,667
Sale of property, plant and equipment	5,601	-	-	-	5,601
Transfers-in	-	255,000	75,000	110,000	440,000
Transfers-out	(440,000)	-	-	-	(440,000)
Advances-in	306,000	-	-	490,000	796,000
Advances-out	(490,000)	-	-	(306,000)	(796,000)
Total other financing receipts (disbursements)	<u>(618,399)</u>	<u>255,000</u>	<u>75,000</u>	<u>660,667</u>	<u>372,268</u>
Excess of cash receipts and other financing receipts over (under) cash disbursements and other financing disbursements	91,353	(24,971)	(18,926)	15,013	62,469
Fund cash balance, January 1	<u>930,505</u>	<u>168,763</u>	<u>63,899</u>	<u>254,155</u>	<u>1,417,322</u>
Fund cash balance, December 31					
Restricted	-	143,792	44,973	204,906	393,671
Committed	-	-	-	64,262	64,262
Unassigned	1,021,858	-	-	-	1,021,858
Fund cash balance, December 31	<u>\$ 1,021,858</u>	<u>\$ 143,792</u>	<u>\$ 44,973</u>	<u>\$ 269,168</u>	<u>\$ 1,479,791</u>

The accompanying notes are an integral part of these financial statements.

Village of Glenwillow

Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances (Cash Basis) – All Fiduciary Fund Types

For the Year Ended December 31, 2017

	<u>Agency</u>
Operating cash receipts:	
Charges for services	\$ 44,101
Fines, licenses, and permits	<u>58,608</u>
Total operating cash receipts	<u>102,709</u>
Operating cash disbursements:	
Contractual services	44,543
Other	<u>57,375</u>
Total operating cash disbursements	<u>101,918</u>
Operating income	791
Fund cash balance, January 1	<u>32,958</u>
Fund cash balance, December 31	\$ <u><u>33,749</u></u>

The accompanying notes are an integral part of these financial statements.

Village of Glenwillow

Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances (Cash Basis) - All Governmental Fund Types

For the Year Ended December 31, 2016

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash receipts:					
Property and local taxes	\$ 204,795	\$ 3,615	\$ -	\$ -	\$ 208,410
Municipal income tax	2,779,796	247,093	61,773	-	3,088,662
Intergovernmental	22,292	138,633	-	84,588	245,513
Special assessments	-	-	78,489	-	78,489
Charges for services	5	-	-	36,378	36,383
Fines, licenses and permits	123,142	2,016	-	-	125,158
Earnings on investments	4,946	-	-	-	4,946
Miscellaneous	74,937	25,431	-	203,034	303,402
Total cash receipts	<u>3,209,913</u>	<u>416,788</u>	<u>140,262</u>	<u>324,000</u>	<u>4,090,963</u>
Cash disbursements:					
Current:					
Security of persons and property	1,105,589	1,948	-	-	1,107,537
Public health services	4,318	-	-	-	4,318
Leisure time activities	-	7,882	-	-	7,882
Community environment	70,229	-	-	-	70,229
Transportation	-	558,721	-	-	558,721
General government	1,646,781	28,309	397	-	1,675,487
Capital outlay	-	26,969	-	509,446	536,415
Debt service:					
Principal payments	-	54,692	179,000	31,982	265,674
Bond issuance costs	-	-	29,400	-	29,400
Interest and fiscal charges	-	4,256	49,303	6,770	60,329
Total cash disbursements	<u>2,826,917</u>	<u>682,777</u>	<u>258,100</u>	<u>548,198</u>	<u>4,315,992</u>
Excess receipts over (under) disbursements	<u>382,996</u>	<u>(265,989)</u>	<u>(117,838)</u>	<u>(224,198)</u>	<u>(225,029)</u>
Other financing receipts (disbursements):					
Sale of refunding bonds	-	-	521,400	-	521,400
Payment to refunded bond escrow agent	-	-	(492,000)	-	(492,000)
Transfers-in	-	300,000	70,000	270,000	640,000
Transfers-out	(640,000)	-	-	-	(640,000)
Total other financing receipts (disbursements)	<u>(640,000)</u>	<u>300,000</u>	<u>99,400</u>	<u>270,000</u>	<u>29,400</u>
Excess of cash receipts and other financing receipts under cash disbursements and other financing disbursements	(257,004)	34,011	(18,438)	45,802	(195,629)
Fund cash balance, January 1	<u>1,187,509</u>	<u>134,752</u>	<u>82,337</u>	<u>208,353</u>	<u>1,612,951</u>
Fund cash balance, December 31					
Restricted	-	168,763	63,899	177,845	410,507
Committed	-	-	-	76,310	76,310
Unassigned	930,505	-	-	-	930,505
Fund cash balance, December 31	\$ <u>930,505</u>	\$ <u>168,763</u>	\$ <u>63,899</u>	\$ <u>254,155</u>	\$ <u>1,417,322</u>

The accompanying notes are an integral part of these financial statements.

Village of Glenwillow

Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances (Cash Basis) - All Fiduciary Fund Types

For the Year Ended December 31, 2016

	<u>Agency</u>
Operating cash receipts:	
Charges for services	\$ 14,336
Fines, licenses, and permits	<u>46,918</u>
Total operating cash receipts	<u>61,254</u>
Operating cash disbursements:	
Contractual services	19,829
Other	<u>69,467</u>
Total operating cash disbursements	<u>89,296</u>
Operating loss	(28,042)
Fund cash balances, January 1	<u>61,000</u>
Fund cash balances, December 31	\$ <u><u>32,958</u></u>

The accompanying notes are an integral part of these financial statements.

Village of Glenwillow

Notes to the Financial Statements

For the Years Ended December 31, 2017 and 2016

Note 1: Reporting Entity

The Village of Glenwillow, Cuyahoga County, (the “Village”), 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. The Village provides general governmental and police services. The Village contracts with the Village of Oakwood to receive fire protection, emergency EMS services and contracts with the City of Solon for dispatch services. The Village is directed by a publicly-elected six-member Council.

The Village participates in a public entity risk pool and jointly governed organizations. Notes 11 and 12 to the financial statements provide additional information for these entities. The Village’s public entity risk pool is with the Ohio Plan Risk Management, Inc. (OPRM). The Village’s jointly governed organizations are with the Northeast Ohio Public Energy Council, the Chagrin/Southeast Council of Government, and the Valley Enforcement Regional Council of Government.

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

A. 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 fiduciary fund types which are organized on a fund type basis.

B. 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.

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.

Village of Glenwillow

Notes to the Financial Statements

For the Years Ended December 31, 2017 and 2016

Note 2: Summary of Significant Accounting Policies (continued)

C. Deposits and Investments (continued)

The investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

D. 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 Funds:

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

Debt Service Funds – These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Funds:

Bond Street Storm Sewer and Street Special Assessment Fund – This fund receives proceeds from real estate tax special assessments for bond payments.

Land Debt Service Fund – This fund receives income tax monies which are used to retire the bonds issued to acquire land.

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 funds:

Capital Improvement Fund – This fund receives proceeds from state grants and transfers for the various capital improvement projects.

Sanitary Sewer Improvement Fund – This fund receives fees and transfers for the improvement and maintenance of the Village's sanitary sewer.

Village of Glenwillow

Notes to the Financial Statements

For the Years Ended December 31, 2017 and 2016

Note 2: Summary of Significant Accounting Policies (continued)

D. Fund Accounting (continued)

Superior TIF Fund – This fund accounts for payments in lieu of taxes and general fund transfers related to tax incentives provided to local business within the Village. These funds are used for the improvement and maintenance of various public infrastructure improvement projects.

Agency Funds – These 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 governments. The Village had the following significant Agency Funds:

Mayor's Court Fund – This fund is used to account for the collection of fines, fees, and costs from the Village's Mayor's Court.

Restricted Fund – This fund is used to account for construction deposits and the engineer's review and inspection fees.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually. The Village budgets all agency funds except those funds related to the Mayor's Court. A summary of 2017 and 2016 budgetary activity appears in Note 4.

Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, and 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 except for capital project funds which may be subject to project-length budgeting pursuant to Ohio Revised Code § 9.34(B).

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.

Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. The Village cancels and re-appropriates in the subsequent year all outstanding year-end encumbrances with the exception of capital project funds which may be subject to project-length budgeting pursuant to Ohio Revised Code § 9.34(B), as noted above.

Village of Glenwillow

Notes to the Financial Statements

For the Years Ended December 31, 2017 and 2016

Note 2: Summary of Significant Accounting Policies (continued)

F. 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.

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.

H. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village is bound to 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.

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.

Village of Glenwillow

Notes to the Financial Statements

For the Years Ended December 31, 2017 and 2016

Note 3: Equity in Pooled Deposits and Investments

The Village maintains a deposit and investment pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31, 2017 and December 31, 2016 were as follows:

	<u>2017</u>	<u>2016</u>
Demand deposits, includes \$500 of petty cash	\$ 813,468	\$ 1,450,280
Investments – STAR Ohio	<u>700,072</u>	<u>-</u>
Total deposits and investments	\$ <u>1,513,540</u>	\$ <u>1,450,280</u>

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation; collateralized by qualified securities pledged by the financial institution holding the assets; or starting July 1, 2017, collateralized through the Ohio Pooled Collateral System (OPCS).

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form. STAR Ohio carries a rating of AAAM by Standards and Poor's.

Note 4: Budgetary Activity

Budgetary activity for the year ended December 31, 2017 follows:

Fund type:	<u>Budgeted vs. Actual Receipts</u>		
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 3,837,137	\$ 3,993,763	\$ 156,626
Special revenue	661,500	671,708	10,208
Debt service	226,000	217,127	(8,873)
Capital projects	1,820,300	1,644,098	(176,202)
Fiduciary	<u>130,100</u>	<u>102,709</u>	<u>(27,391)</u>
Total	\$ <u>6,675,037</u>	\$ <u>6,629,405</u>	\$ <u>(45,632)</u>

Fund type:	<u>Budgeted vs. Actual Budgetary Basis Expenditures</u>		
	<u>Appropriation Authority</u>	<u>Actual Expenditures</u>	<u>Variance</u>
General	\$ 4,089,900	\$ 3,902,410	\$ 187,490
Special revenue	778,961	696,679	82,282
Debt service	237,100	236,053	1,047
Capital projects	2,017,837	1,629,085	388,752
Fiduciary	<u>140,100</u>	<u>101,918</u>	<u>38,182</u>
Total	\$ <u>7,263,898</u>	\$ <u>6,566,145</u>	\$ <u>697,753</u>

Village of Glenwillow

Notes to the Financial Statements

For the Years Ended December 31, 2017 and 2016

Note 4: Budgetary Activity (continued)

Budgetary activity for the year ended December 31, 2016 follows:

Fund type:	Budgeted vs. Actual Receipts		
	Budgeted	Actual	Variance
	<u>Receipts</u>	<u>Receipts</u>	
General	\$ 3,472,200	\$ 3,209,913	\$ (262,287)
Special revenue	705,400	716,788	11,388
Debt service	767,000	731,662	(35,338)
Capital projects	855,100	594,000	(261,100)
Fiduciary	96,200	61,254	(34,946)
Total	<u>\$ 5,895,900</u>	<u>\$ 5,313,617</u>	<u>\$ (582,283)</u>

Fund type:	Budgeted vs. Actual Budgetary Basis Expenditures		
	Appropriation	Actual	Variance
	<u>Authority</u>	<u>Expenditures</u>	
General	\$ 3,900,300	\$ 3,466,917	\$ 433,383
Special revenue	795,261	682,777	112,484
Debt service	780,500	750,100	30,400
Capital projects	922,637	548,198	374,439
Fiduciary	125,200	89,296	35,904
Total	<u>\$ 6,523,898</u>	<u>\$ 5,537,288</u>	<u>\$ 986,610</u>

Note 5: Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted 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 semi-annually, 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 Glenwillow

Notes to the Financial Statements

For the Years Ended December 31, 2017 and 2016

Note 6: Local Income Tax

The Village levies a municipal income tax of 2% on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Regional Income Tax Agency (RITA) either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a final return annually. Taxes collected by RITA in one month are remitted to the Village on the 1st and the 15th of the following month.

Note 7: Debt

Debt outstanding at December 31, 2017 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Sanitary Sewer Special Assessment Bond	\$ 60,000	6.00%
Refunded Street Improvement Special Assessment Bond	460,200	2.30%
Refunded Land Acquisition Bond	740,000	2.35%
Recreation Facilities Improvement Bond	120,000	3.00% - 3.75%
Various Purpose Bond	350,000	2.70%
Real Estate Acquisition Bond Anticipation Note	100,000	2.10%
OPWC Loan #CA09O Richmond/Broadway Intersection	113,263	0%
OPWC Loan #CT02P Pergl Road Sanitary Sewer	151,667	0%
OPWC Loan #CT08O Pergl Road Sanitary Sewer	145,714	0%
OPWC Loan # CT06P Pettibone Road Reconstruction	233,541	0%
OPWC Loan #CA26T Pergl Road Sanitary Sewer	<u>266,667</u>	0%
Total	\$ <u>2,741,052</u>	

Debt outstanding at December 31, 2016 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Sanitary Sewer Special Assessment Bond	\$ 75,000	6.00%
Refunded Street Improvement Special Assessment Bond	512,400	2.30%
Refunded Land Acquisition Bond	838,000	2.35%
Recreation Facilities Improvement Bond	150,000	2.75% - 3.75%
Various Purpose Bond	390,000	2.70%
OPWC Loan #CA09O Richmond/Broadway Intersection	117,618	0%
OPWC Loan #CT02P Pergl Road Sanitary Sewer	157,500	0%
OPWC Loan #CT08O Pergl Road Sanitary Sewer	151,213	0%
OPWC Loan #CT06P Pettibone Road Reconstruction	<u>243,922</u>	0%
Total	\$ <u>2,635,653</u>	

Village of Glenwillow

Notes to the Financial Statements

For the Years Ended December 31, 2017 and 2016

Note 7: Debt (continued)

The Sanitary Sewer Assessment Bond issued in 2000 relates to the installation of sanitary sewer lines on Bond Street. The bond principal will be repaid in annual installments, ranging from \$5,000 to \$20,000, over 20 years with corresponding interest payments being paid semi-annually. The bond is collateralized by special assessment property taxes.

The Street Improvement Special Assessment Bond issued in 2006 relates to improving Bond Street and Pettibone Road. In 2016, the Village refunded \$480,000 of this outstanding bond for the purpose of obtaining a lower interest cost. The remaining unrefunded principal balance of \$35,000 was repaid in full at December 31, 2016. The refunded balance will be repaid in annual installments, ranging from \$9,000 to \$60,300, over 10 years with corresponding interest payments being paid semi-annually. The bond is collateralized by special assessment property taxes.

The Land Acquisition Bond was issued in 2004 for the acquisition of land. In 2012, the Village refunded \$1,095,000 of this outstanding bond for the purpose of obtaining a lower interest cost. The refunded balance will be repaid in annual installments, ranging from \$20,300 to \$111,000, over 13 years with corresponding interest payments being paid semi-annually. The bond is collateralized by municipal income tax revenue.

The Recreation Facilities Improvement Bond issued in 2011 relates to improving the recreation facilities of the Village by constructing the multi-purpose trail on Pettibone Road. The bond principal will be repaid in annual installments, ranging from \$25,000 to \$30,000, over 10 years with corresponding interest payments being paid semi-annually. The bond is collateralized by municipal income tax revenue.

The Various Purpose Bond issued in 2015 relates to general sanitary sewer and street improvements in the Village. The bond principal will be repaid in annual installments, ranging from \$35,000 to \$50,000, over 10 years with corresponding interest payments being paid semi-annually. The bond is collateralized by municipal income tax revenue.

The Real Estate Acquisition Bond Anticipation Note was issued in 2017 in anticipation for the sale of bonds for the purpose of acquiring real estate, buildings and improvements related to the Village park and related recreational purposes. The note matures on January 11, 2018.

The Ohio Public Works Commission (OPWC) Loan #CA09O finalized in 2013 relates to the financing of the Richmond/Broadway Intersection Realignment Project. The total amount disbursed to the Village was \$130,686. The loan is non-interest bearing and will be paid in semi-annual installments of \$2,178 over 30 years.

The Ohio Public Works Commission (OPWC) Loan #CT02P finalized in 2013 relates to the financing of the Pergl Road Sanitary Sewer Extension, Phase II Project. The total amount disbursed to the Village was \$175,000. The loan is non-interest bearing and will be paid in semi-annual installments of \$2,917 over 30 years.

The Ohio Public Works Commission (OPWC) Loan #CT08O finalized in 2014 relates to the financing of the Pergl Road Sanitary Sewer Extension Project. The total amount disbursed to the Village was \$164,961. The loan is non-interest bearing and will be paid in semi-annual installments of \$2,749 over 30 years.

Village of Glenwillow

Notes to the Financial Statements

For the Years Ended December 31, 2017 and 2016

Note 7: Debt (continued)

The Ohio Public Works Commission (OPWC) Loan #CT06O finalized in 2015 relates to the funding of the Pettibone Road Reconstruction Project. The total amount disbursed to the Village was \$259,491. The loan is non-interest bearing and will be paid in semi-annual installments of \$5,190 over 25 years.

During 2017, the Village obtained an OPWC interest-free loan for phase III of the Pergl Road Sanitary Sewer Extension Project. OPWC has authorized these loans up to \$362,020. The loan proceeds in the table on a previous page represent monies drawn against this loan through December 31, 2017, and as a result, the debt maturity schedule below does not reflect any amount for principal. When the loan is finalized, the principal will be included below.

Amortization of the above bonded debt, including interest, as of December 31, 2017 is scheduled as follows:

Year	Sanitary Sewer Special Assessment Bond	Refunded Land Acquisition Bond	Various Purpose Bond	Refunded Street Improvement Special Assessment Bond	Recreation Facilities Improvement Bond	Bond Total
2018	\$ 23,600	\$ 117,390	\$ 49,450	\$ 61,985	\$ 34,050	\$ 286,475
2019	22,400	118,040	48,370	59,902	33,150	281,862
2020	21,200	112,620	47,290	62,941	32,174	276,225
2021	-	117,270	51,210	60,683	31,126	260,289
2022	-	116,754	49,994	63,448	-	230,196
2023-2027	-	228,800	147,696	201,853	-	578,349
Total	\$ <u>67,200</u>	\$ <u>810,874</u>	\$ <u>394,010</u>	\$ <u>510,812</u>	\$ <u>130,500</u>	\$ <u>1,913,396</u>

Year	OPWC Loan #CA090 Richmond/ Broadway Intersection	OPWC Loan #CT02P Pergl Rd. Sanitary Sewage	OPWC Pergl Rd. Sanitary Sewer Extension	OPWC Pettibone Rd. Reconstruction	OPWC Total
2018	\$ 4,356	\$ 5,833	\$ 5,499	\$ 10,380	\$ 26,068
2019	4,356	5,833	5,499	10,380	26,068
2020	4,356	5,833	5,499	10,380	26,068
2021	4,356	5,833	5,499	10,380	26,068
2022	4,356	5,833	5,499	10,380	26,068
2023-2027	21,780	29,165	27,495	51,900	130,340
2028-2032	21,780	29,165	27,495	51,900	130,340
2033-2037	21,780	29,167	27,493	51,898	130,338
2038-2042	21,780	29,167	27,493	25,943	104,383
2043-2047	4,363	5,838	8,243	-	18,444
Total	\$ <u>113,263</u>	\$ <u>151,667</u>	\$ <u>145,714</u>	\$ <u>233,541</u>	\$ <u>644,185</u>

Village of Glenwillow

Notes to the Financial Statements

For the Years Ended December 31, 2017 and 2016

Note 7: Debt (continued)

<u>Year</u>	<u>Total</u>
2018	\$ 312,543
2019	307,930
2020	302,293
2021	286,357
2022	256,264
2023-2027	708,689
2028-2032	130,340
2033-2037	130,338
2038-2042	104,383
2043-2047	18,444
Total	\$ <u>2,557,581</u>

Note 8: Lease

In 2016, the Village entered into a lease-purchase agreement to purchase a vehicle and equipment of \$78,594. Beginning in 2017, the Village disbursed \$27,510 to pay lease costs. This lease is secured by the related property. Amortization of the above lease, as of December 31, 2017 is scheduled as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 26,160	\$ 1,351	\$ 27,511
2019	<u>26,828</u>	<u>684</u>	<u>27,512</u>
Total	\$ <u>52,988</u>	\$ <u>2,035</u>	\$ <u>55,023</u>

Note 9: Defined Benefit Pension Plans

Ohio Public Employees Retirement System

All employees, with exception to full-time police officers, belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plans' benefits, which include post-retirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2017 and 2016, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. For 2017 and 2016, the Village contributed \$146,527 and \$123,475, respectively. As of December 31, 2017 and 2016, all required contributions were paid.

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 plans' benefits, which include post-retirement health care and survivor and disability benefits.

Village of Glenwillow

Notes to the Financial Statements

For the Years Ended December 31, 2017 and 2016

Note 9: Defined Benefit Pension Plans (continued)

Ohio Police and Fire Retirement System (continued)

The Ohio Revised Code also prescribes contribution rates. OP&F participants were required to contribute 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2017 and 2016, the Village contributed \$46,415 and \$57,941, respectively. As of December 31, 2017 and 2016, all required contributions were paid.

Note 10: 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. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2% during calendar year 2016, and 1% during calendar year 2017. OP&F contributes 0.5% to fund these benefits.

Note 11: Risk Pool Public Entity

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM), (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 coverage 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 criteria addressing the member's exposure to loss. Until November 1, 2016, the OPRM retained 47% 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, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 762 members as of December 31, 2016.

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.

Village of Glenwillow

Notes to the Financial Statements

For the Years Ended December 31, 2017 and 2016

Note 11: Risk Pool Public Entity (continued)

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2016 (the latest information available).

	<u>2016</u>
Assets	\$ 14,765,712
Liabilities	<u>(9,531,506)</u>
Members' Equity	\$ <u>5,234,206</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Note 12: Jointly Governed Organizations

Northeast Ohio Public Energy Council

The Village is a member of the Northeast Ohio Public Energy Council (NOPEC). NOPEC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of energy. NOPEC is currently comprised of 134 members in 200 communities in 13 counties who have been authorized by ballot to purchase energy on behalf of their citizens. The intent of NOPEC is to provide energy at the lowest possible rates while at the same time ensuring stability in prices by entering into long-term contracts with suppliers to provide energy to the citizens of its member communities.

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each county then elect one person to serve on the eight-member NOPEC Board of Directors. The Board oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board. The Village did not contribute to NOPEC during 2017 or 2016. Financial information can be obtained by contacting NOPEC, 31360 Solon Rd., Suite 33, Solon, Ohio 44139.

Chagrin/Southeast Council of Government

The Chagrin/Southeast Council of Government operates the Chagrin/Southeast HazMat Response Team. The team was formed in 1990 to assist local fire departments in responding to incidents involving industrial chemicals. The Council of Government has established two subsidiary organizations, the West Shore Hazardous Materials Committee which provides hazardous material protection and assistance, and the West Shore Enforcement Bureau which provides extra assistance to cities in the form of a Swat Team. During 2017 and 2016, the Village contributed \$3,500, each year, to the organization. The Chagrin/Southeast Council of Governments financial statements may be obtained by contacting the Finance Director of the Village of Glenwillow, Ohio.

Village of Glenwillow

Notes to the Financial Statements

For the Years Ended December 31, 2017 and 2016

Note 12: Jointly Governed Organizations (continued)

Valley Enforcement Regional Council of Government

The Village is a member of Valley Enforcement Regional Council of Government (VERCOG), a jointly governed organization. VERCOG is a regional council of government formed under Chapter 167 of the Ohio Revised Code. VERCOG was formed to continue to foster cooperation among political subdivisions through sharing of facilities for their common benefit. It includes the supervision and control of the Valley Enforcement Group (VEG), which has been a mutual aid organization providing the mutual interchange and sharing of police personnel and police equipment. VERCOG is comprised of communities located within the Chagrin Valley which exercise law enforcement authority under Ohio law and whose law enforcement agency consists of four or more full-time, sworn law enforcement officers. VERCOG is authorized to acquire and own police equipment and other property, to be used by all participating members, and may do any other thing permitted by law to accomplish its general purposes. The Village paid VERCOG \$7,000 annually in 2017 and 2016.

Note 13: Interfund Balances

Advances

Outstanding advances at December 31, 2017 consisted of \$184,000 advanced from the General fund to capital project funds to provide working capital for projects. There were no outstanding advances at December 31, 2016.

Transfers

The transfers among Village funds were made to provide additional resources for current operations. Transfers made during the year ended December 31, 2017 were as follows:

<u>Transfer to</u>	<u>Transfer from</u> <u>General</u>
Special Revenue Funds	\$ 255,000
Debt Service Funds	75,000
Capital Projects Funds	<u>110,000</u>
Total	\$ <u><u>440,000</u></u>

Village of Glenwillow

Notes to the Financial Statements

For the Years Ended December 31, 2017 and 2016

Note 13: Interfund Balances (continued)

Transfers (continued)

Transfers made during the year ended December 31, 2016 were as follows:

<u>Transfer to</u>	<u>Transfer from General</u>
Special Revenue Funds	\$ 300,000
Debt Service Funds	70,000
Capital Projects Funds	<u>270,000</u>
Total	<u>\$ 640,000</u>

Note 14: Subsequent Event

On January 10, 2018, the Village issued \$100,000 in bond anticipation notes for the purpose of acquiring real estate, buildings and improvements related to the Village park and related recreational purposes. These notes have an interest rate of 1.96% and will mature on January 10, 2019.

On May 25, 2018, the Village entered into a lease-purchase agreement to purchase vehicle and equipment of \$158,395. Lease payments will begin April 1, 2019 and are comprised of three annual payments of \$56,648, including interest computed at a rate of 3.90%.

Note 15: Contingencies

The Village is at times party to various legal proceedings. Although management cannot presently determine the outcome of these proceedings, the Village's management is of the opinion that the ultimate outcome of such litigation will not have a material adverse effect on the Village's financial position.

**Independent Auditor’s Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

Members of Village Council
Glenwillow, Ohio

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of all governmental fund types and all fiduciary fund types of the Village of Glenwillow, Ohio (the “Village”), as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, and have issued our report thereon dated June 22, 2018 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, as described in Note 2.

Internal Control over Financial Reporting

In planning and performing our audits of the financial statements, we considered the Village’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Village’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. 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 Village’s financial statements will not be prevented, or detected and corrected on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audits we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Members of the Village Council
Glenwillow, Ohio

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cienni + Panichi, Inc.

Cleveland, Ohio
June 22, 2018



Dave Yost • Auditor of State

VILLAGE OF GLENWILLOW

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
SEPTEMBER, 20 2018