



OHIO AUDITOR OF STATE
KEITH FABER



VILLAGE OF GLENWILLOW
CUYAHOGA COUNTY

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INDEPENDENT AUDITOR'S REPORT

Village of Glenwillow
Cuyahoga County
29555 Pettibone Road
Glenwillow, Ohio 44139

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 Glenwillow, Cuyahoga County, Ohio (the Village) as of and for the year ended December 31, 2018.

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 such 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, 2018, and the respective changes in financial position thereof for the year then ended.

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 of Glenwillow, Cuyahoga County as of December 31, 2018, for the year 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 August 9, 2019, 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.



Keith Faber
Auditor of State
Columbus, Ohio

August 9, 2019

Village of Glenwillow, Ohio
Cuyahoga County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2018

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$ 218,475	\$ 3,573			\$ 222,048
Municipal Income Tax	3,211,990	285,377	71,344		3,568,711
Intergovernmental	20,191	93,865		247,438	361,494
Special Assessments			82,469		82,469
Charges for Services				65,701	65,701
Fines, Licenses and Permits	254,236	5,475			259,711
Earnings on Investments	20,767				20,767
Miscellaneous	75,830	52,348	2,178	281,652	412,008
<i>Total Cash Receipts</i>	<u>3,801,489</u>	<u>440,638</u>	<u>155,991</u>	<u>594,791</u>	<u>4,992,909</u>
Cash Disbursements					
Current:					
Security of Persons and Property	1,157,036	3,570			1,160,606
Public Health Services	2,485				2,485
Leisure Time Activities		6,862			6,862
Community Environment	119,019	1,717			120,736
Transportation		704,876		413,460	1,118,336
General Government	1,825,169	78,493			1,903,662
Capital Outlay				589,613	589,613
Debt Service:					
Principal Retirement			372,599		372,599
Interest and Fiscal Charges			49,425		49,425
<i>Total Cash Disbursements</i>	<u>3,103,709</u>	<u>795,518</u>	<u>422,024</u>	<u>1,003,073</u>	<u>5,324,324</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>697,780</u>	<u>(354,880)</u>	<u>(266,033)</u>	<u>(408,282)</u>	<u>(331,415)</u>
Other Financing Receipts (Disbursements)					
Sale of Bonds					-
Sale of Refunding Bonds					-
Sale of Notes			100,000		100,000
Loans Issued				140,853	140,853
Sale of Capital Assets	13,447				13,447
Transfers In		375,000	166,000	335,100	876,100
Transfers Out	(708,500)			(167,600)	(876,100)
Advances In	475,000			630,000	1,105,000
Advances Out	(630,000)			(475,000)	(1,105,000)
Other Financing Sources				5,500	5,500
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(850,053)</u>	<u>375,000</u>	<u>266,000</u>	<u>468,853</u>	<u>259,800</u>
<i>Net Change in Fund Cash Balances</i>	<u>(152,273)</u>	<u>20,120</u>	<u>(33)</u>	<u>60,571</u>	<u>(71,615)</u>
<i>Fund Cash Balances, January 1</i>	<u>1,021,858</u>	<u>143,792</u>	<u>44,973</u>	<u>269,168</u>	<u>1,479,791</u>
Fund Cash Balances, December 31					
Restricted	-	163,912	44,940	329,739	538,591
Unassigned (Deficit)	869,585	-	-	-	869,585
<i>Fund Cash Balances, December 31</i>	<u>869,585</u>	<u>163,912</u>	<u>44,940</u>	<u>329,739</u>	<u>1,408,176</u>

See accompanying notes to the basic financial statements

Village of Glenwillow, Ohio
Cuyahoga County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Fiduciary Fund Types
For the Year Ended December 31, 2018

	<u>Agency</u>
Operating Cash Receipts	
Charges for Services	\$ 28,015
Fines, Licenses and Permits	<u>133,927</u>
<i>Total Operating Cash Receipts</i>	<u>161,942</u>
Operating Cash Disbursements	
Contractual Services	38,016
Other	<u>141,178</u>
<i>Total Operating Cash Disbursements</i>	<u>179,194</u>
<i>Operating Income (Loss)</i>	<u>(17,252)</u>
<i>Fund Cash Balances, January 1</i>	<u>33,749</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 16,497</u>

See accompanying notes to the basic financial statements

Village of Glenwillow

Notes to the Financial Statements

For the Year Ended December 31, 2018

Note 1: Reporting Entity

The Village of Glenwillow, (the “Village”), Cuyahoga 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. 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 Year Ended December 31, 2018

Note 2: Summary of Significant Accounting Policies (continued)

C. Deposits and Investments (continued)

Investments in STAR Ohio are 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.

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:

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

Superior TIF Fund – This fund accounts for various maintenance and infrastructure improvements made to a parcel within the Village and related payments received in lieu of property taxes as a result of a tax increment financing agreement with the Village.

Village of Glenwillow

Notes to the Financial Statements

For the Year Ended December 31, 2018

Note 2: Summary of Significant Accounting Policies (continued)

D. Fund Accounting (continued)

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 2018 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 Year Ended December 31, 2018

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 Year Ended December 31, 2018

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, 2018 were as follows:

Demand deposits, includes \$500 of petty cash	\$	710,021
Investments – STAR Ohio		<u>714,652</u>
Total deposits and investments	\$	<u>1,424,673</u>

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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, 2018 follows:

Fund type:	<u>Budgeted vs. Actual Receipts</u>		
	Budgeted	Actual	Variance
	<u>Receipts</u>	<u>Receipts</u>	
General	\$ 4,294,600	\$ 4,289,936	\$ (4,664)
Special revenue	814,700	815,638	938
Debt service	422,800	421,991	(809)
Capital projects	1,776,522	1,706,244	(70,278)
Fiduciary	<u>193,400</u>	<u>161,942</u>	<u>(31,458)</u>
Total	\$ <u>7,502,022</u>	\$ <u>7,395,751</u>	\$ <u>(106,271)</u>

Fund type:	<u>Budgeted vs. Actual Budgetary Basis Expenditures</u>		
	Appropriation	Actual	Variance
	<u>Authority</u>	<u>Expenditures</u>	
General	\$ 4,594,000	\$ 4,445,709	\$ 148,291
Special revenue	906,300	827,518	78,782
Debt service	422,900	422,024	876
Capital projects	1,855,800	1,748,638	107,162
Fiduciary	<u>203,400</u>	<u>179,194</u>	<u>24,206</u>
Total	\$ <u>7,982,400</u>	\$ <u>7,623,083</u>	\$ <u>359,317</u>

Village of Glenwillow

Notes to the Financial Statements

For the Year Ended December 31, 2018

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.

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, 2018 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Sanitary Sewer Special Assessment Bond	\$ 40,000	6.00%
Refunded Street Improvement Special Assessment Bond	408,800	2.30%
Refunded Land Acquisition Bond	640,000	2.35%
Recreation Facilities Improvement Bond	90,000	2.75%
Various Purpose Bond	310,000	2.70%
Real Estate Acquisition Bond Anticipation Note	100,000	1.96%
OPWC Loan #CA09O Richmond/Broadway Intersection	108,907	0%
OPWC Loan #CT08O Pergl Road Sanitary Sewer Phase I	140,215	0%
OPWC Loan #CT02P Pergl Road Sanitary Sewer Phase II	145,834	0%
OPWC Loan #CA26T Pergl Road Sanitary Sewer Phase III	260,000	0%
OPWC Loan #CT06P Pettibone Road Reconstruction	223,161	0%
OPWC Loan #CA21U Pettibone/Cochran Intersection	<u>147,784</u>	0%
Total	\$ <u>2,614,701</u>	

Village of Glenwillow

Notes to the Financial Statements

For the Year Ended December 31, 2018

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 2018 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 10, 2019.

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 #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.

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.

Village of Glenwillow

Notes to the Financial Statements

For the Year Ended December 31, 2018

Note 7: Debt (continued)

The Ohio Public Works Commission (OPWC) Loan #CA26T finalized in 2018 relates to the financing of the Pergl Road Sanitary Sewer Extension, Phase III Project. The total amount disbursed to the Village was \$266,667. The loan is non-interest bearing and will be paid in semi-annual installments of \$6,667 over 20 years.

The Ohio Public Works Commission (OPWC) Loan #CT06P 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.

The Ohio Public Works Commission (OPWC) Loan #CA21U finalized in 2018 relates to the financing of the Pettibone/Cochran Intersection Improvement Project. The total amount disbursed to the Village was \$147,784. The loan is non-interest bearing and will be paid in semi-annual installments of \$3,695 over 20 years.

Amortization of the above bonded debt, including interest, as of December 31, 2018 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
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	-	115,192	48,780	60,921	-	224,893
2024-2028	-	113,608	98,916	140,932	-	353,456
Total	\$ <u>43,600</u>	\$ <u>693,484</u>	\$ <u>344,560</u>	\$ <u>448,827</u>	\$ <u>96,450</u>	\$ <u>1,626,921</u>

(continued)

Village of Glenwillow

Notes to the Financial Statements

For the Year Ended December 31, 2018

Note 7: Debt (continued)

Year	OPWC Loan #CA090 Richmond/ Broadway Intersection	OPWC Loan #CT08O Pergl Rd. Sanitary Sewer Extension	OPWC Loan #CT02P Pergl Rd. Sanitary Sewage	OPWC Loan #CA26T Pergl Rd. Sanitary Sewer Extension	OPWC Loan #CT06P Pettibone Rd. Reconstruction	OPWC Loan #CA21U Pettibone/ Cochran Intersection
2019	\$ 4,356	\$ 5,499	\$ 5,833	\$ 13,333	\$ 10,380	\$ 3,695
2020	4,356	5,499	5,833	13,333	10,380	7,389
2021	4,356	5,499	5,833	13,333	10,380	7,389
2022	4,356	5,499	5,833	13,333	10,380	7,389
2023	4,356	5,499	5,833	13,333	10,380	7,389
2024-2028	21,780	27,495	29,165	66,665	51,900	36,945
2029-2033	21,780	27,495	29,165	66,665	51,900	36,945
2034-2038	21,780	27,493	29,167	60,005	51,898	36,946
2039-2043	21,787	27,493	29,172	-	15,563	3,697
2044-2048	-	2,744	-	-	-	-
Total	\$ <u>108,907</u>	\$ <u>140,215</u>	\$ <u>145,834</u>	\$ <u>260,000</u>	\$ <u>223,161</u>	\$ <u>147,784</u>

Year	OPWC Total	Total
2019	\$ 43,096	\$ 324,958
2020	46,790	323,015
2021	46,790	307,079
2022	46,790	276,986
2023	46,790	271,683
2024-2028	233,950	587,406
2029-2033	233,950	233,950
2034-2038	227,289	227,289
2039-2043	97,712	97,712
2044-2048	2,744	2,744
Total	\$ <u>1,025,901</u>	\$ <u>2,652,822</u>

Note 8: Lease

In 2016, the Village entered into a lease-purchase agreement to purchase a vehicle and equipment of \$78,594. During 2018, the Village disbursed \$27,512 to pay lease costs.

In 2018, the Village entered into a lease-purchase agreement to purchase a vehicle and equipment of \$158,395. Beginning April 1, 2019, the Village will expense \$56,648, annually, to pay lease costs.

Amortization of the above leases, as of December 31, 2018 is scheduled as follows:

Year	Principal	Interest	Total
2019	\$ 78,225	\$ 5,935	\$ 84,160
2020	52,475	4,173	56,648
2021	<u>54,522</u>	<u>2,126</u>	<u>56,648</u>
Total	\$ <u>185,222</u>	\$ <u>12,234</u>	\$ <u>197,456</u>

Village of Glenwillow

Notes to the Financial Statements

For the Year Ended December 31, 2018

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 2018, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. For 2018, the Village contributed \$157,331. As of December 31, 2018, 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.

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 2018, the Village contributed \$53,171. As of December 31, 2018, all required contributions were paid.

Note 10: Post-employment 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 OPERS members in the Traditional Pension Plan and Combined Plan was 0.0% during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0% during calendar year 2018. OP&F contributes 0.5% to fund these benefits.

Beginning January 1, 2019, OP&F is changing its retiree health care model and the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

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.

Village of Glenwillow

Notes to the Financial Statements

For the Year Ended December 31, 2018

Note 11: Risk Pool Public Entity (continued)

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. Effective November 1, 2017, the OPRM retained 47% 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 764 members as of December 31, 2017.

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

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

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2017 (the latest information available).

	<u>2017</u>
Assets	\$ 14,853,620
Liabilities	<u>(9,561,108)</u>
Members' Equity	<u>\$ 5,292,512</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 ORC. 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 members in 219 communities in 14 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.

Village of Glenwillow

Notes to the Financial Statements

For the Year Ended December 31, 2018

Note 12: Jointly Governed Organizations (continued)

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each community then elect one person to serve on the ten-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 2018. Financial information can be obtained by contacting NOPEC, 31360 Solon Road #33, Solon, Ohio 44139.

Chagrin/Southeast Council of Government

The Chagrin/Southeast Council of Government operates the Chagrin/Southeast HazMat Response Team, (the "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 2018, the Village contributed \$3,500 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.

Valley Enforcement Regional Council of Government

The Village is a member of Valley Enforcement Regional Council of Governments (VERCOG), a jointly governed organization. VERCOG is a regional council of governments formed under Chapter 167 of the ORC. 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 currently 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 contributed to the organization \$8,000 in 2018.

Note 13: Interfund Balances

Advances

Outstanding advances at December 31, 2018, consisted of \$369,000 advanced from the General fund to capital project funds to provide working capital for projects.

Village of Glenwillow

Notes to the Financial Statements

For the Year Ended December 31, 2018

Note 13: Interfund Balances (continued)

Transfers

The transfers among Village funds were made to provide additional resources for current operations. Transfers made during the year ended December 31, 2018 were as follows:

<u>Transfer to</u>	<u>Transfer from</u>
	<u>General</u>
Special Revenue Funds	\$ 375,000
Debt Service Funds	166,000
Capital Projects Funds	<u>167,500</u>
Total	\$ <u>708,500</u>

During 2018, the Village made \$167,600 of transfers between various Tax Increment Financing (TIF) sub-funds, within the Capital Project fund. The transfers were made to consolidate monies into one sub-fund prior to making payments for goods or services on similar projects that were funded with more than one set of TIF monies. Due to the general nature of the various TIF agreements, the monies consolidated and expended were allowable under the various different agreements. These transactions are shown on the statements as part of transfers in and transfers out of the Capital Project Fund.

Note 14: Subsequent Event

On January 9, 2019, the Village issued \$75,000 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 3.00% and will mature on January 9, 2020.

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.

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OHIO AUDITOR OF STATE KEITH FABER



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

Village of Glenwillow
Cuyahoga County
29555 Pettibone Road
Glenwillow, Ohio 44139

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 Glenwillow, Cuyahoga County, (the Village) as of and for the year ended December 31, 2018, and the related notes to the financial statements and have issued our report thereon dated August 9, 2019 wherein we noted the Village followed financial reporting provisions of the 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 2018-001 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 Findings

The Village's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not subject the Village's response to the auditing procedures applied in the audit of the financial statements 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 report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

August 9, 2019

VILLAGE OF GLENWILLOW
CUYAHOGA COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2018

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

1. Financial Reporting

<i>Finding Number</i>	2018-001
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MATERIAL WEAKNESS

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The following deficiencies were noted and subsequently corrected by management in the financial statements:

- \$630,000 of Advances from the General Fund to various Capital Project Funds were reported as transfers.
- \$475,000 of Advances from various Capital Projects to the General Fund were reported as transfers.
- \$6,931 of OPWC Loan Proceeds reported in the Street Improvement Fund were improperly classified as intergovernmental receipts
- Note 4- Budgetary Activity- Amounts for Actual Budgetary Expenditures improperly excluded amounts for outstanding encumbrances. Actual Budgetary Expenditures were understated by \$3,500, \$32,000, and \$120,965 in the General, Special Revenue Funds, and Capital Project Funds, respectively.

These weaknesses increase the risk the financial statements and/or notes could become materially misstated and misstatements not be detected or prevented in a timely manner.

We recommend controls be established to ensure the accuracy and reporting of the Village's financial statements and notes.

Official's Response: Advances were reported as Transfers because UAN does not allow for budgeting for Advances. The Village has talked with many AOS personnel regarding this restriction but to no avail.

AOS personnel have all said UAN will not create an update to allow for budgeting of advances for one village. We understand that UAN is a simple software program geared towards small villages and townships and adding the upgrade to allow for Advances is probably cost prohibitive, but Glenwillow should not be punished for being progressive by using TIF's as an economic development tool.

Auditor of State Conclusion: Irrespective of the reasons the Village recorded Advances as Transfers, the unaudited financial statements presented for audit included Advances as Transfers. The nature of Advances and Transfers are clearly different and adjustments were proposed and made to the financial statements to reflect any Advances as such. The required material adjustments are an indication of a deficiency in internal control over financial reporting and the sole reason for inclusion as a material weakness in this Schedule of Findings in accordance with *Government Auditing Standards*.

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OHIO AUDITOR OF STATE KEITH FABER



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
NOVEMBER 7, 2019**