



**Auditor of State  
Betty Montgomery**



VILLAGE OF GLENDALE  
HAMILTON COUNTY

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**Auditor of State  
Betty Montgomery**

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

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Betty Montgomery".

**Betty Montgomery**  
Auditor of State

June 29, 2006

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Glendale, Hamilton County, Ohio (the Village), as of and for the years ended December 31, 2004 and 2003. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to reformat its statements. Since this Village does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2004, or its changes in financial position of its proprietary funds for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Glendale, Hamilton County, Ohio as of December 31, 2004 and 2003, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the year ended December 31, 2004. The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2006, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

June 29, 2006

VILLAGE OF GLENDALE  
HAMILTON COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

|   | <u>Governmental Fund Types</u> |                            |                         |                             | <u>Fiduciary<br/>Fund Type</u> | <u>Totals<br/>(Memorandum<br/>Only)</u> |
|---|--------------------------------|----------------------------|-------------------------|-----------------------------|--------------------------------|---|
|   | <u>General</u>                 | <u>Special<br/>Revenue</u> | <u>Debt<br/>Service</u> | <u>Capital<br/>Projects</u> | <u>Expendable<br/>Trust</u>    |   |
| <b>Cash Receipts:</b>   |                                |                            |                         |                             |                                |   |
| Property Tax and Other Local Taxes  | \$1,265,347                    | \$0                        | \$118,240               | \$154,408                   | \$22,573                       | \$1,560,568                             |
| Special Assessments   | 0                              | 0                          | 0                       | 123                         | 0                              | 123                                     |
| Intergovernmental Receipts  | 440,340                        | 113,372                    | 20,930                  | 110,189                     | 4,604                          | 689,435                                 |
| Charges for Services  | 2,215                          | 0                          | 0                       | 0                           | 0                              | 2,215                                   |
| Fines, Licenses, and Permits  | 64,212                         | 3,880                      | 0                       | 0                           | 0                              | 68,092                                  |
| Earnings on Investments   | 31,914                         | 136                        | 0                       | 1,361                       | 0                              | 33,411                                  |
| Miscellaneous   | 41,514                         | 80,555                     | 0                       | 0                           | 12,225                         | 134,294                                 |
| <b>Total Cash Receipts</b>  | <u>1,845,542</u>               | <u>197,943</u>             | <u>139,170</u>          | <u>266,081</u>              | <u>39,402</u>                  | <u>2,488,138</u>                        |
| <b>Cash Disbursements:</b>  |                                |                            |                         |                             |                                |   |
| Current:  |                                |                            |                         |                             |                                |   |
| Security of Persons and Property  | 833,594                        | 3,993                      | 0                       | 0                           | 27,975                         | 865,562                                 |
| Public Health Services  | 4,900                          | 0                          | 0                       | 0                           | 0                              | 4,900                                   |
| Leisure Time Activities   | 19,132                         | 65,971                     | 0                       | 0                           | 722                            | 85,825                                  |
| Community Environment   | 474                            | 0                          | 0                       | 0                           | 0                              | 474                                     |
| Contractual Services  | 0                              | 0                          | 0                       | 0                           | 2,083                          | 2,083                                   |
| Basic Utility Services  | 308,364                        | 0                          | 0                       | 0                           | 0                              | 308,364                                 |
| Transportation  | 216,602                        | 38,983                     | 0                       | 0                           | 0                              | 255,585                                 |
| General Government  | 364,421                        | 16,280                     | 2,631                   | 0                           | 0                              | 383,332                                 |
| Debt Service:   |                                |                            |                         |                             |                                |   |
| Principal Payments  | 0                              | 0                          | 110,000                 | 35,000                      | 0                              | 145,000                                 |
| Interest Payments   | 0                              | 0                          | 46,063                  | 1,942                       | 0                              | 48,005                                  |
| Capital Outlay  | 9,254                          | 59,883                     | 0                       | 355,705                     | 17,184                         | 442,026                                 |
| <b>Total Cash Disbursements</b>   | <u>1,756,741</u>               | <u>185,110</u>             | <u>158,694</u>          | <u>392,647</u>              | <u>47,964</u>                  | <u>2,541,156</u>                        |
| <b>Total Receipts Over/(Under) Disbursements</b>  | <u>88,801</u>                  | <u>12,833</u>              | <u>(19,524)</u>         | <u>(126,566)</u>            | <u>(8,562)</u>                 | <u>(53,018)</u>                         |
| <b>Other Financing Receipts and (Disbursements):</b>  |                                |                            |                         |                             |                                |   |
| Sale of Fixed Assets  | 4,545                          | 35                         | 0                       | 50,000                      | 0                              | 54,580                                  |
| Transfers-In  | 6,354                          | 40,000                     | 0                       | 234,577                     | 0                              | 280,931                                 |
| Transfers-Out   | (274,577)                      | (6,354)                    | 0                       | 0                           | 0                              | (280,931)                               |
| Other Uses  | 0                              | (775)                      | 0                       | 0                           | 0                              | (775)                                   |
| <b>Total Other Financing Receipts/(Disbursements)</b>   | <u>(263,678)</u>               | <u>32,906</u>              | <u>0</u>                | <u>284,577</u>              | <u>0</u>                       | <u>53,805</u>                           |
| <b>Excess of Cash Receipts and Other Financing<br/>Receipts Over/(Under) Cash Disbursements<br/>and Other Financing Disbursements</b> | <u>(174,877)</u>               | <u>45,739</u>              | <u>(19,524)</u>         | <u>158,011</u>              | <u>(8,562)</u>                 | <u>787</u>                              |
| <b>Fund Cash Balances, January 1</b>  | <u>561,251</u>                 | <u>95,059</u>              | <u>217,704</u>          | <u>1,505,295</u>            | <u>64,868</u>                  | <u>2,444,177</u>                        |
| <b>Fund Cash Balances, December 31</b>  | <u><b>\$386,374</b></u>        | <u><b>\$140,798</b></u>    | <u><b>\$198,180</b></u> | <u><b>\$1,663,306</b></u>   | <u><b>\$56,306</b></u>         | <u><b>\$2,444,964</b></u>               |
| <b>Reserves for Encumbrances, December 31</b>   | <u><b>\$48,168</b></u>         | <u><b>\$10,467</b></u>     | <u><b>\$0</b></u>       | <u><b>\$23,219</b></u>      | <u><b>\$180</b></u>            | <u><b>\$82,034</b></u>                  |

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

**VILLAGE OF GLENDALE  
HAMILTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY AND AGENCY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

|  | <u>Proprietary<br/>Fund Types</u> | <u>Fiduciary<br/>Fund Types</u> | <u>Totals<br/>(Memorandum<br/>Only)</u> |
|--|-----------------------------------|---------------------------------|---|
|  | <u>Enterprise</u>                 | <u>Agency</u>                   |   |
| <b>Operating Cash Receipts:</b>  |                                   |                                 |   |
| Charges for Services   | \$520,912                         | \$0                             | \$520,912                               |
| Miscellaneous  | 25,286                            | 0                               | 25,286                                  |
|  | <u>546,198</u>                    | <u>0</u>                        | <u>546,198</u>                          |
| Total Operating Cash Receipts  | <u>546,198</u>                    | <u>0</u>                        | <u>546,198</u>                          |
| <b>Operating Cash Disbursements:</b>   |                                   |                                 |   |
| Personal Services  | 228,616                           | 0                               | 228,616                                 |
| Transportation   | 1,421                             | 0                               | 1,421                                   |
| Contractual Services   | 211,977                           | 0                               | 211,977                                 |
| Supplies and Materials   | 36,038                            | 0                               | 36,038                                  |
| Capital Outlay   | 122,716                           | 0                               | 122,716                                 |
|  | <u>600,768</u>                    | <u>0</u>                        | <u>600,768</u>                          |
| Total Operating Cash Disbursements   | <u>600,768</u>                    | <u>0</u>                        | <u>600,768</u>                          |
| Operating Income/(Loss)  | <u>(54,570)</u>                   | <u>0</u>                        | <u>(54,570)</u>                         |
| <b>Non-Operating Cash Receipts:</b>  |                                   |                                 |   |
| Other Non-Operating Receipts   | 594                               | 87,650                          | 88,244                                  |
|  | <u>594</u>                        | <u>87,650</u>                   | <u>88,244</u>                           |
| Total Non-Operating Cash Receipts  | <u>594</u>                        | <u>87,650</u>                   | <u>88,244</u>                           |
| <b>Non-Operating Cash Disbursements:</b>   |                                   |                                 |   |
| Debt Service   |                                   |                                 |   |
| Principal Paymentts  | 114,340                           | 0                               | 114,340                                 |
| Interest Paymentts   | 14,427                            | 0                               | 14,427                                  |
| Other Non-Operating Disbursements  | 0                                 | 83,130                          | 83,130                                  |
|  | <u>128,767</u>                    | <u>83,130</u>                   | <u>211,897</u>                          |
| Total Non-Operating Cash Disbursements   | <u>128,767</u>                    | <u>83,130</u>                   | <u>211,897</u>                          |
| Excess of Receipts Over/(Under) Disbursements<br>Before Interfund Transfers and Advances | (182,743)                         | 4,520                           | (178,223)                               |
| Other Financing Uses   | (578)                             | 0                               | (578)                                   |
| Net Receipts Over/(Under) Disbursements  | (183,321)                         | 4,520                           | (178,801)                               |
| Fund Cash Balances, January 1  | 379,711                           | 4,988                           | 384,699                                 |
| <b>Fund Cash Balances, December 31</b>   | <b><u>\$196,390</u></b>           | <b><u>\$9,508</u></b>           | <b><u>\$205,898</u></b>                 |
| Reserve for Encumbrances, December 31  | <u>\$46,662</u>                   | <u>\$0</u>                      | <u>\$46,662</u>                         |

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

VILLAGE OF GLENDALE  
HAMILTON COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2003**

|   | Governmental Fund Types |                    |                  |                     | Fiduciary<br>Fund Type | Totals<br>(Memorandum<br>Only) |
|---|-------------------------|--------------------|------------------|---------------------|------------------------|--------------------------------|
|   | General                 | Special<br>Revenue | Debt<br>Service  | Capital<br>Projects | Expendable<br>Trust    |                                |
| <b>Cash Receipts:</b>   |                         |                    |                  |                     |                        |                                |
| Property Tax and Other Local Taxes  | \$1,254,049             | \$0                | \$145,812        | \$153,096           | \$22,665               | \$1,575,622                    |
| Intergovernmental Receipts  | 442,855                 | 112,869            | 24,891           | 28,660              | 18,980                 | 628,255                        |
| Charges for Services  | 2,180                   | 9,822              | 0                | 0                   | 0                      | 12,002                         |
| Fines, Licenses, and Permits  | 71,275                  | 4,240              | 0                | 0                   | 0                      | 75,515                         |
| Earnings on Investments   | 57,445                  | 857                | 0                | 3,866               | 0                      | 62,168                         |
| Miscellaneous   | 54,576                  | 3,666              | 0                | 28,274              | 18,151                 | 104,667                        |
| <b>Total Cash Receipts</b>  | <b>1,882,380</b>        | <b>131,454</b>     | <b>170,703</b>   | <b>213,896</b>      | <b>59,796</b>          | <b>2,458,229</b>               |
| <b>Cash Disbursements:</b>  |                         |                    |                  |                     |                        |                                |
| Current:  |                         |                    |                  |                     |                        |                                |
| Security of Persons and Property  | 790,643                 | 12,284             | 0                | 0                   | 36,114                 | 839,041                        |
| Public Health Services  | 4,760                   | 0                  | 0                | 0                   | 0                      | 4,760                          |
| Leisure Time Activities   | 19,115                  | 12,516             | 0                | 0                   | 30,354                 | 61,985                         |
| Community Environment   | 5,400                   | 0                  | 0                | 0                   | 0                      | 5,400                          |
| Contractual Services  | 0                       | 0                  | 0                | 0                   | 2,015                  | 2,015                          |
| Basic Utility Services  | 329,643                 | 0                  | 0                | 0                   | 0                      | 329,643                        |
| Transportation  | 206,370                 | 26,328             | 0                | 0                   | 0                      | 232,698                        |
| General Government  | 372,719                 | 17,213             | 2,028            | 0                   | 0                      | 391,960                        |
| Debt Service:   |                         |                    |                  |                     |                        |                                |
| Principal Payments  | 0                       | 0                  | 110,000          | 33,100              | 0                      | 143,100                        |
| Interest Payments   | 0                       | 0                  | 55,275           | 3,755               | 0                      | 59,030                         |
| Capital Outlay  | 11,155                  | 94,486             | 0                | 222,684             | 0                      | 328,325                        |
| <b>Total Cash Disbursements</b>   | <b>1,739,805</b>        | <b>162,827</b>     | <b>167,303</b>   | <b>259,539</b>      | <b>68,483</b>          | <b>2,397,957</b>               |
| <b>Total Receipts Over/(Under) Disbursements</b>  | <b>142,575</b>          | <b>(31,373)</b>    | <b>3,400</b>     | <b>(45,643)</b>     | <b>(8,687)</b>         | <b>60,272</b>                  |
| <b>Other Financing Receipts and (Disbursements):</b>  |                         |                    |                  |                     |                        |                                |
| Transfers-In  | 0                       | 0                  | 0                | 77,729              | 0                      | 77,729                         |
| Advances-In   | 16,972                  | 16,972             | 0                | 0                   | 0                      | 33,944                         |
| Transfers-Out   | (77,729)                | 0                  | 0                | 0                   | 0                      | (77,729)                       |
| Advances-Out  | (16,972)                | (16,972)           | 0                | 0                   | 0                      | (33,944)                       |
| <b>Total Other Financing Receipts/(Disbursements)</b>   | <b>(77,729)</b>         | <b>0</b>           | <b>0</b>         | <b>77,729</b>       | <b>0</b>               | <b>0</b>                       |
| <b>Excess of Cash Receipts and Other Financing<br/>Receipts Over/(Under) Cash Disbursements<br/>and Other Financing Disbursements</b> | <b>64,846</b>           | <b>(31,373)</b>    | <b>3,400</b>     | <b>32,086</b>       | <b>(8,687)</b>         | <b>60,272</b>                  |
| Fund Cash Balances, January 1   | 496,405                 | 126,432            | 214,304          | 1,473,209           | 73,555                 | 2,383,905                      |
| <b>Fund Cash Balances, December 31</b>  | <b>\$561,251</b>        | <b>\$95,059</b>    | <b>\$217,704</b> | <b>\$1,505,295</b>  | <b>\$64,868</b>        | <b>\$2,444,177</b>             |
| Reserves for Encumbrances, December 31  | \$13,722                | \$256              | \$0              | \$1,069             | \$0                    | \$15,047                       |

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

**VILLAGE OF GLENDALE  
HAMILTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY AND AGENCY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2003**

|  | <u>Proprietary<br/>Fund Types</u> | <u>Fiduciary<br/>Fund Types</u> | <u>Totals<br/>(Memorandum<br/>Only)</u> |
|--|-----------------------------------|---------------------------------|---|
|  | <u>Enterprise</u>                 | <u>Agency</u>                   |   |
| <b>Operating Cash Receipts:</b>  |                                   |                                 |   |
| Charges for Services   | \$500,298                         | \$0                             | \$500,298                               |
| Total Operating Cash Receipts  | <u>500,298</u>                    | <u>0</u>                        | <u>500,298</u>                          |
| <b>Operating Cash Disbursements:</b>   |                                   |                                 |   |
| Personal Services  | 231,109                           | 0                               | 231,109                                 |
| Transportation   | 5,088                             | 0                               | 5,088                                   |
| Contractual Services   | 202,259                           | 0                               | 202,259                                 |
| Supplies and Materials   | 33,194                            | 0                               | 33,194                                  |
| Capital Outlay   | 146,595                           | 0                               | 146,595                                 |
| Total Operating Cash Disbursements   | <u>618,245</u>                    | <u>0</u>                        | <u>618,245</u>                          |
| Operating Income/(Loss)  | <u>(117,947)</u>                  | <u>0</u>                        | <u>(117,947)</u>                        |
| <b>Non-Operating Cash Receipts:</b>  |                                   |                                 |   |
| Proceeds from Notes and Bonds  | 274,386                           | 0                               | 274,386                                 |
| Other Non-Operating Receipts   | 36,833                            | 92,636                          | 129,469                                 |
| Total Non-Operating Cash Receipts  | <u>311,219</u>                    | <u>92,636</u>                   | <u>403,855</u>                          |
| <b>Non-Operating Cash Disbursements:</b>   |                                   |                                 |   |
| Debt Service:  |                                   |                                 |   |
| Principal Payments   | 24,044                            | 0                               | 24,044                                  |
| Interest Payments  | 3,254                             | 0                               | 3,254                                   |
| Other Non-Operating Disbursements  | 0                                 | 92,701                          | 92,701                                  |
| Total Non-Operating Cash Disbursements   | <u>27,298</u>                     | <u>92,701</u>                   | <u>119,999</u>                          |
| Excess of Receipts Over/(Under) Disbursements<br>Before Interfund Transfers and Advances | 165,974                           | (65)                            | 165,909                                 |
| Other Uses   | <u>(467)</u>                      | <u>0</u>                        | <u>(467)</u>                            |
| Net Receipts Over/(Under) Disbursements  | 165,507                           | (65)                            | 165,442                                 |
| Fund Cash Balances, January 1  | <u>214,204</u>                    | <u>5,053</u>                    | <u>219,257</u>                          |
| <b>Fund Cash Balances, December 31</b>   | <b><u>\$379,711</u></b>           | <b><u>\$4,988</u></b>           | <b><u>\$384,699</u></b>                 |
| Reserve for Encumbrances, December 31  | <u>\$18,393</u>                   | <u>\$0</u>                      | <u>\$18,393</u>                         |

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

**VILLAGE OF GLENDALE  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Glendale, Hamilton County, Ohio (the Village), as a body corporate and politic. A publicly-elected six-member Council governs the Village. The Village provides water and sewer utilities, park operations, fire protection, and police services. The Village contracts with the City of Springdale to provide EMS services.

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

**B. Basis of Accounting**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. This basis 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 adequately disclose material matters the Auditor of State prescribes.

**C. Cash and Investments**

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

The Village values certificates of deposit, U.S. Treasury Bonds and Federal Agency Notes at cost. Money market mutual funds (including STAR Ohio) are recorded at share values the mutual fund reports.

**D. Fund Accounting**

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

**1. General Fund**

The General Fund reports all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Fund**

These funds account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

**VILLAGE OF GLENDALE  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

Permissive Fund - This fund receives license tax that was enacted by the Village for maintaining and repairing Village streets.

Community Fund - This fund receives donations from the Village residents for the Village sesquicentennial events throughout the year.

**3. Debt Service Fund**

This fund account for resources the Village accumulates to pay bond and note debt. The Village had the Sanitary Sewer Bond Retirement Fund which receives property tax money for repaying the principal and interest of bonds.

**4. Capital Project Funds**

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Village had the following significant Capital Project Funds:

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

Water and Sewer System Improvement Fund – This fund receives property tax money for improvement to the Village’s water and sewer system.

**5. Enterprise Funds**

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

Water Fund - This fund receives charges for services from residents to cover water service costs.

Sewer Fund - This fund receives charges for services from residents to cover sewer service costs.

**VILLAGE OF GLENDALE  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**6. Fiduciary Funds (Trust and Agency Funds)**

Trust funds account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the Village classifies the fund as a nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant Fiduciary Funds:

Police Disability and Pension Fund (Expendable Trust Fund) – This fund receives property tax money to pay for police benefits.

Park Board Trustee Fund (Expendable Trust Fund) – This fund receives donations for the upkeep of the parks

Mayor's Court Fund (Agency Fund) – This fund receives fines and forfeitures money to be distributed to the Village and State of Ohio.

**E. Budgetary Process**

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

**1. Appropriations**

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

**2. Estimated Resources**

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

**3. Encumbrances**

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

A summary of 2004 and 2003 budgetary activity appears in Note 3.

**VILLAGE OF GLENDALE  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Property, Plant, and Equipment**

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

**G. Accumulated Leave**

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

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

|   | <u>2004</u>        | <u>2003</u>        |
|---|--------------------|--------------------|
| Demand deposits                           | \$550,848          | \$755,050          |
| Total deposits                            | <u>550,848</u>     | <u>755,050</u>     |
| U.S. Treasury Notes                       |                    |                    |
| STAR Ohio                                 | 247,011            | 243,891            |
| U.S Treasury Bonds & Federal Agency Notes | 1,848,474          | 1,825,519          |
| Money Market Funds                        | 4,529              | 4,416              |
| Total investments                         | <u>2,100,014</u>   | <u>2,073,826</u>   |
| Total deposits and investments            | <u>\$2,650,862</u> | <u>\$2,828,876</u> |

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

**Investments:** The Village's financial institution holds the Village's U.S. Treasury Bonds and Notes and Federal Agency Notes in book-entry form, in the name of the Village. Investments in STAR Ohio and money market funds are not evidenced by securities that exist in physical or book-entry form.

**VILLAGE OF GLENDALE  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2004 and 2003 follows:

| 2004 Budgeted vs. Actual Receipts |                      |                    |           |
|-----------------------------------|----------------------|--------------------|-----------|
| Fund Type                         | Budgeted<br>Receipts | Actual<br>Receipts | Variance  |
| General                           | \$1,802,911          | \$1,856,441        | \$53,530  |
| Special Revenue                   | 157,702              | 237,978            | 80,276    |
| Debt Service                      | 134,432              | 139,170            | 4,738     |
| Capital Projects                  | 418,375              | 550,658            | 132,283   |
| Enterprise                        | 820,300              | 546,792            | (273,508) |
| Fiduciary                         | 38,281               | 39,402             | 1,121     |
| Total                             | \$3,372,001          | \$3,370,441        | (\$1,560) |

| 2004 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |           |
|---|----------------------------|---------------------------|-----------|
| Fund Type   | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance  |
| General   | \$2,139,847                | \$2,079,486               | \$60,361  |
| Special Revenue                                       | 238,787                    | 202,706                   | 36,081    |
| Debt Service  | 161,065                    | 158,694                   | 2,371     |
| Capital Projects                                      | 804,350                    | 415,866                   | 388,484   |
| Enterprise  | 1,023,619                  | 776,775                   | 246,844   |
| Fiduciary   | 65,752                     | 48,144                    | 17,608    |
| Total   | \$4,433,420                | \$3,681,671               | \$751,749 |

| 2003 Budgeted vs. Actual Receipts |                      |                    |           |
|-----------------------------------|----------------------|--------------------|-----------|
| Fund Type                         | Budgeted<br>Receipts | Actual<br>Receipts | Variance  |
| General                           | \$1,804,285          | \$1,882,380        | \$78,095  |
| Special Revenue                   | 134,312              | 131,454            | (2,858)   |
| Debt Service                      | 157,469              | 170,703            | 13,234    |
| Capital Projects                  | 362,858              | 291,625            | (71,233)  |
| Enterprise                        | 608,000              | 811,517            | 203,517   |
| Fiduciary                         | 29,839               | 59,796             | 29,957    |
| Total                             | \$3,096,763          | \$3,347,475        | \$250,712 |

**VILLAGE OF GLENDALE  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

| 2003 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |           |
|---|----------------------------|---------------------------|-----------|
| Fund Type   | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance  |
| General   | \$1,972,128                | \$1,831,256               | \$140,872 |
| Special Revenue                                       | 211,931                    | 163,083                   | 48,848    |
| Debt Service  | 171,275                    | 167,303                   | 3,972     |
| Capital Projects                                      | 684,605                    | 260,608                   | 423,997   |
| Enterprise  | 698,926                    | 664,403                   | 34,523    |
| Fiduciary   | 73,446                     | 68,483                    | 4,963     |
| Total   | \$3,812,311                | \$3,155,136               | \$657,175 |

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Village Council adopts tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The State pays the Village amounts equaling these deductions. The Village includes these with Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half payment 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.

Property owners assess tangible personal property tax. They must file a list of tangible property to the County by each April 30. The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on the Village's behalf.

**5. DEBT**

Debt outstanding at December 31, 2004 was as follows:

|                                | Principal | Interest Rate |
|--------------------------------|-----------|---------------|
| Sanitary Sewer Bonds           | \$330,000 | 8.38%         |
| Ohio PublicWorks Loan - CB411  | 170,498   | 3.00%         |
| Ohio Public Works Loan - CB327 | 132,150   | 0.00%         |
| Water System Improvemnt Note   | 208,824   | 2.99%         |
| Total                          | \$841,472 |               |

The Village issued \$2,200,000 of sanitary sewer bonds in 1987 for renovation of the sewer treatment plant. The bonds are paid annually, with interest paid semi-annually, over 20 years. The loan is collateralized by water and sewer receipts.

**VILLAGE OF GLENDALE  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**5. DEBT (Continued)**

The Village borrowed \$444,000 from the Ohio Public Works Commission in 1992 for the replacement of their water storage facility. Principal and interest paid semi-annually, over 15 years. The loan is collateralized by water receipts.

The Village borrowed \$352,000 from the Ohio Public Works Commission in 1991 for the replacement of their water storage facility. Principal and interest paid semi-annually, over 15 years. The loan is collateralized by water receipts.

The Village issued a \$274,386 note for the water system improvement in 2003. Principal and interest are paid quarterly, over 4 years. The loan is collateralized by water receipts.

Amortization of the above debt, including interest, follows:

| Year ending December 31: | Sanitary<br>Sewer Bonds | Ohio Public<br>Works CB411 | Ohio Public<br>Works CB327 | Water<br>System<br>Improvement<br>Note |
|--------------------------|-------------------------|----------------------------|----------------------------|--|
| 2005                     | \$146,850               | \$36,976                   | \$17,620                   | \$73,036                               |
| 2006                     | 137,638                 | 36,976                     | 17,620                     | 73,036                                 |
| 2007                     | 128,425                 | 36,976                     | 17,620                     | 73,036                                 |
| 2008                     |                         | 36,976                     | 17,620                     |  |
| 2009                     |                         | 36,976                     | 17,620                     |  |
| 2010-12                  |                         |                            | 44,050                     |  |
| Total                    | <u>\$412,913</u>        | <u>\$184,880</u>           | <u>\$132,150</u>           | <u>\$219,108</u>                       |

**6. RETIREMENT SYSTEMS**

The Village's law enforcement officers and firefighters belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes the plans' retirement benefits, including postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2004 and 2003, OP&F participants contributed 10 percent of their wages. The Village contributed an amount equal to 19.5 percent of police participant and 24 percent of fire participant] wages. OPERS members contributed 8.5 percent of their wages. The Village contributed an amount equal to 13.55 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2004.

**VILLAGE OF GLENDALE  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**7. RISK MANAGEMENT**

**Risk Pool Membership**

The Township belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 500 Ohio governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures the Plan with A-VII or better rated carriers, except for the 5% portion retained by the Plan. After September 1, 2003, the Plan pays the lesser of 5% or \$25,000 of casualty losses and the lesser of 5% or \$50,000 of property losses. The individual members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

The Pool's audited financial statements conform with generally accepted accounting principle, and reported the following assets, liabilities, and retained earnings at December 31:

|                 | 2004        | 2003        |
|-----------------|-------------|-------------|
| Assets          | \$6,685,522 | \$5,402,167 |
| Liabilities     | \$2,227,808 | \$1,871,123 |
| Members' Equity | \$4,457,714 | \$3,531,044 |

**8. SUBSEQUENT EVENTS**

In January 2006, the Village deactivated their fire department and contracted with the Village of Woodlawn to provide fire protection. A task force was convened and their recommendations were given to Council for review.



## Auditor of State Betty Montgomery

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

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

To the Village Council:

We have audited the financial statements of the Village of Glendale, Hamilton County, Ohio (the Village), as of and for the year ended December 31, 2004 and 2003, and have issued our report thereon dated June 29, 2006, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Village's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. However, we identified a certain matter involving the internal control over financial reporting and its operation that we consider a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village's ability to record, process, summarize, and report financial data consistent with management's assertions in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 2004-001.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all matters in the internal control that are also considered material weaknesses. However, we do not believe the reportable condition described above is a material weakness. In a separate letter to the Village's management dated June 29, 2006, we reported other matters involving internal control over financial reporting which we did not deem reportable conditions.

### **Compliance and Other Matters**

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of management and the Village Council. It is not intended for anyone other than these specified parties.



**Betty Montgomery**  
Auditor of State

June 29, 2006

**VILLAGE OF GLENDALE  
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2004 AND 2003**

|  |
|--|
| <b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS<br/>REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b> |
|--|

**FINDING NUMBER 2004-001**

**Reportable Condition**

The Village has the following funds classified as Expendable Trust Funds on their financial statements: Police Disability Pension, Park Board, Creche, Parade, James Carruthers, and Rogan Park funds. The Village was unable to locate the trust agreements for these funds. Effective January 1, 2006, the Village is required to reclassify their funds using the new classifications outlined in Auditor of State Bulletin 2005-005 *Required Fund Classifications for Non-GAAP Filers*.

The Village should review their records and determine the proper classification for these funds per the bulletin.

The Village passed Ordinance 2006-18 to reclassify the Expendable Trust funds to Special Revenue funds to correct this condition.

**Officials Response**

We did not receive a response from Officials to this finding.

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**VILLAGE OF GLENDALE  
HAMILTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2004 AND 2003**

| Finding Number | Finding Summary   | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b> |
|----------------|---|------------------|--|
| 2002-001       | Ohio Rev. Code Section 5705.41(D), expenditures exceed appropriations | Yes              | Corrected.   |
| 2002-002       | Reclassification of trust funds.                                      | No               | Not Corrected on Village records for 2004. Reissued as 2004-001. Corrected by Ordinance in 2006.                                       |





**Auditor of State  
Betty Montgomery**

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**VILLAGE OF GLENDALE**

**HAMILTON COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
AUGUST 1, 2006**