

VILLAGE OF GLENDALE

Hamilton County

Regular Audit

January 1, 2011 through December 31, 2012

Fiscal Years Audited Under GAGAS: 2012 and 2011



**Caudill & Associates, CPA**

P.O. Box 751 South Shore, KY 41175  
P: 606-498-4019 | F: 606-498-4040





# Dave Yost • Auditor of State

Village Council  
Village of Glendale  
30 Village Square  
Glendale, Ohio 45246

We have reviewed the *Independent Auditor's Report* of the Village of Glendale, Hamilton County, prepared by Caudill & Associates, CPAs, for the audit period January 1, 2011 through December 31, 2012. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost  
Auditor of State

January 14, 2014

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**VILLAGE OF GLENDALE  
HAMILTON COUNTY**

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# Caudill & Associates, CPA

P.O. Box 751, South Shore, KY 41175  
P: 606-498-4019 | F: 606-498-4040

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Ohio Society of Certified Public Accountants  
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## INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements and related notes of Village of Glendale, Hamilton County, (the Village) as of and for the years ended December 31, 2012 and 2011.

### ***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 of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

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

As described in Note 1 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, which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***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, 2012 and 2011, or changes in financial position or cash flows thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Glendale, Hamilton County as of December 31, 2012 and 2011, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits, described in Note 1.

***Emphasis of Matter***

As discussed in Note 9 to the financial statements, during 2011 the Village of Glendale adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Our opinion is not modified with respect to this matter.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2013, 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.

*Caudill & Associates, CPA*

Caudill & Associates, CPA

September 30, 2013

**VILLAGE OF GLENDALE  
HAMILTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$ 1,835,236	\$ 24,199	\$ -	\$ -	\$ 1,859,435
Intergovernmental	249,696	147,030	-	-	396,726
Charges for Services	6,132	-	-	-	6,132
Fines, Licenses and Permits	122,204	20,079	-	-	142,283
Earnings on Investments	4,743	-	-	-	4,743
Miscellaneous	27,136	29,915	-	-	57,051
<i>Total Cash Receipts</i>	<u>2,245,147</u>	<u>221,223</u>	<u>-</u>	<u>-</u>	<u>2,466,370</u>
<b>Cash Disbursements</b>					
Current:					
Security of Persons and Property	1,010,594	45,555	-	-	1,056,149
Public Health Services	5,970	-	-	-	5,970
Leisure Time Activities	28,342	18,517	-	-	46,859
Community Environment	1,636	-	-	-	1,636
Basic Utility Services	353,450	-	-	-	353,450
Transportation	232,898	60,557	-	-	293,455
General Government	475,933	24,105	-	-	500,038
Capital Outlay	-	-	-	94,324	94,324
Debt Service:					
Principal Retirement	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
<i>Total Cash Disbursements</i>	<u>2,108,823</u>	<u>148,734</u>	<u>-</u>	<u>94,324</u>	<u>2,351,881</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>136,324</u>	<u>72,489</u>	<u>-</u>	<u>(94,324)</u>	<u>114,489</u>
<b>Other Financing Receipts (Disbursements)</b>					
Other Debt Proceeds	-	-	-	-	-
Transfers In	-	-	-	43,700	43,700
Transfers Out	(43,700)	-	-	-	(43,700)
Advances In	1,500	1,500	-	-	3,000
Advances Out	(1,500)	(1,500)	-	-	(3,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(43,700)</u>	<u>-</u>	<u>-</u>	<u>43,700</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	92,624	72,489	-	(50,624)	114,489
<i>Fund Cash Balances, January 1</i>	<u>1,366,852</u>	<u>157,872</u>	<u>-</u>	<u>2,378,217</u>	<u>3,902,941</u>
<b>Fund Cash Balances, December 31</b>					
Restricted	-	230,361	-	-	230,361
Committed	-	-	-	2,327,593	2,327,593
Unassigned (Deficit)	1,459,476	-	-	-	1,459,476
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,459,476</u>	<u>\$ 230,361</u>	<u>\$ -</u>	<u>\$ 2,327,593</u>	<u>\$ 4,017,430</u>

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

**VILLAGE OF GLENDALE  
HAMILTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Proprietary Fund Types	Fiduciary Fund Types	Totals
	Enterprise	Agency	(Memorandum Only)
<b>Operating Cash Receipts</b>			
Charges for Services	\$ 1,189,995	\$ -	\$ 1,189,995
Fines, Licenses and Permits	22,313	-	22,313
Miscellaneous	25,564	-	25,564
<i>Total Operating Cash Receipts</i>	<u>1,237,872</u>	<u>-</u>	<u>1,237,872</u>
<b>Operating Cash Disbursements</b>			
Personal Services	203,098	-	203,098
Employee Fringe Benefits	37,799	-	37,799
Contractual Services	266,324	-	266,324
Supplies and Materials	48,561	-	48,561
<i>Total Operating Cash Disbursements</i>	<u>555,782</u>	<u>-</u>	<u>555,782</u>
<i>Operating Income (Loss)</i>	<u>682,090</u>	<u>-</u>	<u>682,090</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Other Non-Operating Receipts	-	126,789	126,789
Other Debt Proceeds	577,617		577,617
Capital Outlay	(642,751)	-	(642,751)
Principal Retirement	(298,332)	-	(298,332)
Interest and Other Fiscal Charges	(146,816)		(146,816)
Other Financing Uses	(350)	-	(350)
Other Non-Operating Disbursements	-	(125,470)	(125,470)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(510,632)</u>	<u>1,319</u>	<u>(509,313)</u>
<i>Net Change in Fund Cash Balances</i>	171,458	1,319	172,777
<i>Fund Cash Balances, January 1</i>	<u>909,243</u>	<u>15,233</u>	<u>924,476</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,080,701</u>	<u>\$ 16,552</u>	<u>\$ 1,097,253</u>

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

**VILLAGE OF GLENDALE  
HAMILTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$ 1,848,374	\$ 28,438	\$ -	\$ -	\$ 1,876,812
Intergovernmental	424,360	144,929	-	40,888	610,177
Charges for Services	4,615	-	-	-	4,615
Fines, Licenses and Permits	63,884	9,365	-	-	73,249
Earnings on Investments	3,937	17,187	-	8	21,132
Miscellaneous	63,711	31,819	-	5,194	100,724
<i>Total Cash Receipts</i>	<u>2,408,881</u>	<u>231,738</u>	<u>-</u>	<u>46,090</u>	<u>2,686,709</u>
<b>Cash Disbursements</b>					
Current:					
Security of Persons and Property	1,049,566	56,414	-	-	1,105,980
Public Health Services	5,942	-	-	-	5,942
Leisure Time Activities	31,790	25,310	-	-	57,100
Community Environment	533	-	-	-	533
Basic Utility Services	428,003	-	-	-	428,003
Transportation	283,769	18,372	-	-	302,141
General Government	556,424	-	-	-	556,424
Capital Outlay	-	156,807	-	478,825	635,632
Debt Service:					
Principal Retirement	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
<i>Total Cash Disbursements</i>	<u>2,356,027</u>	<u>256,903</u>	<u>-</u>	<u>478,825</u>	<u>3,091,755</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>52,854</u>	<u>(25,165)</u>	<u>-</u>	<u>(432,735)</u>	<u>(405,046)</u>
<b>Other Financing Receipts (Disbursements)</b>					
Other Debt Proceeds	-	-	-	-	-
Transfers In	-	-	-	205,000	205,000
Transfers Out	(205,000)	-	-	-	(205,000)
Advances In	1,500	1,500	-	-	3,000
Advances Out	(1,500)	(1,500)	-	-	(3,000)
Other Financing Sources	-	-	-	-	-
Other Financing Uses	5,741	-	-	-	5,741
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(199,259)</u>	<u>-</u>	<u>-</u>	<u>205,000</u>	<u>5,741</u>
<i>Net Change in Fund Cash Balances</i>	<u>(146,405)</u>	<u>(25,165)</u>	<u>-</u>	<u>(227,735)</u>	<u>(399,305)</u>
<i>Fund Cash Balances, January 1</i>	<u>1,513,257</u>	<u>183,037</u>	<u>-</u>	<u>2,605,952</u>	<u>4,302,246</u>
<b>Fund Cash Balances, December 31</b>					
Restricted	-	157,872	-	-	157,872
Committed	-	-	-	2,378,217	2,378,217
Unassigned (Deficit)	1,366,852	-	-	-	1,366,852
<i>Fund Cash Balances, December 31</i>	<u>\$ 1,366,852</u>	<u>\$ 157,872</u>	<u>\$ -</u>	<u>\$ 2,378,217</u>	<u>\$ 3,902,941</u>

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

**VILLAGE OF GLENDALE  
HAMILTON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Proprietary Fund Types	Fiduciary Fund Types	Totals
	Enterprise	Agency	(Memorandum Only)
<b>Operating Cash Receipts</b>			
Charges for Services	\$ 1,143,663	\$ -	\$ 1,143,663
Fines, Licenses and Permits	19,590	-	19,590
Miscellaneous	24,860	-	24,860
<i>Total Operating Cash Receipts</i>	<u>1,188,113</u>	<u>-</u>	<u>1,188,113</u>
<b>Operating Cash Disbursements</b>			
Personal Services	168,186	-	168,186
Employee Fringe Benefits	90,015	-	90,015
Contractual Services	272,101	-	272,101
Supplies and Materials	56,844	-	56,844
Other	5,917	-	5,917
<i>Total Operating Cash Disbursements</i>	<u>593,063</u>	<u>-</u>	<u>593,063</u>
<i>Operating Income (Loss)</i>	<u>595,050</u>	<u>-</u>	<u>595,050</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Other Non-Operating Cash Receipts	-	92,208	92,208
Other Debt Proceeds	336,280	-	336,280
Capital Outlay	(631,931)	-	(631,931)
Principal Retirement	(262,852)	-	(262,852)
Interest and Other Fiscal Charges	(153,568)	-	(153,568)
Other Non-Operating Cash Disbursements	(155)	(88,257)	(88,412)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(712,226)</u>	<u>3,951</u>	<u>(708,275)</u>
<i>Net Change in Fund Cash Balances</i>	(117,176)	3,951	(113,225)
<i>Fund Cash Balances, January 1</i>	<u>1,026,419</u>	<u>11,282</u>	<u>1,037,701</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 909,243</u>	<u>\$ 15,233</u>	<u>\$ 924,476</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, 2012 AND 2011**

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

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

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

**B. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. Deposits and Investments**

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

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

**D. Fund Accounting**

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

**1. General Fund**

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

**2. Special Revenue Funds**

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

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

**VILLAGE OF GLENDALE  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**2. Special Revenue Funds (Continued)**

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

**3. Debt Service Fund**

None.

**4. Capital Project Funds**

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

Village Capital Project Fund – This fund receives transfers from the general fund. The proceeds are being used to purchase equipment for the Village.

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

**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.

Wastewater Treatment Facilities Improvement Fund – This fund receives proceeds of an OWDA loan. The proceeds are being used to design and build a new wastewater treatment plant.

Sanitary Sewer Bond Retirement Fund - This fund receives property tax money for repaying the principal and interest of bonds related to the wastewater treatment plant.

**6. Fiduciary Funds**

Village fiduciary funds include agency funds.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency funds account for activity of the Village of Glendale Mayor's Court and Unclaimed Funds.

**VILLAGE OF GLENDALE  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**E. Budgetary Process**

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

**1. Appropriations**

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

**2. Estimated Resources**

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

**3. Encumbrances**

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

A summary of 2012 and 2011 budgetary activity appears in Note 3.

**F. Fund Balance**

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

**1. Nonspendable**

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

**2. 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.

**3. Committed**

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

**VILLAGE OF GLENDALE  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**F. Fund Balance (Continued)**

**4. 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.

**5. 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.

**G. 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.

**H. 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 Deposits and Investments**

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

	2012	2011
Demand deposits	\$4,799,769	\$4,512,733
Certificates of deposit	25,000	25,000
Total deposits	\$4,824,769	\$4,537,733
 STAR Ohio	 289,914	 289,684
Total investments	289,914	289,684
Total deposits and investments	\$5,114,683	\$4,827,417

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

**Investments:** Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**VILLAGE OF GLENDALE  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2012 and 2011 follows:

2012 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,122,105	\$2,246,647	\$124,542
Special Revenue	229,679	222,723	(6,956)
Debt Service	0	0	0
Capital Projects	37,211	43,700	6,489
Enterprise	1,514,217	1,815,489	301,272
Fiduciary	1,525	-	(1,525)
Total	\$3,904,737	\$4,328,559	\$423,822

2012 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,247,111	\$2,154,023	\$93,088
Special Revenue	308,747	150,234	158,513
Debt Service	0	0	0
Capital Projects	523,806	94,324	429,482
Enterprise	1,758,415	1,644,031	114,384
Fiduciary	2,500	-	2,500
Total	\$4,840,579	\$4,042,612	\$797,967

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2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,343,929	\$2,416,122	\$72,193
Special Revenue	240,435	233,238	(7,197)
Debt Service	0	0	0
Capital Projects	243,000	251,090	8,090
Enterprise	2,974,647	1,524,393	(1,450,254)
Fiduciary	1,525	-	(1,525)
Total	\$5,803,536	\$4,424,843	(\$1,378,693)

**VILLAGE OF GLENDALE  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**3. Budgetary Activity (Continued)**

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,457,074	\$2,562,527	\$894,547
Special Revenue	330,774	258,403	72,371
Debt Service	0	0	0
Capital Projects	1,917,964	478,825	1,439,139
Enterprise	1,768,361	1,641,569	126,792
Fiduciary	2,500	-	2,500
Total	\$7,476,673	\$4,941,324	\$2,535,349

**4. Property Tax**

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

Public utilities are also taxed on personal and real personal property located within the Village. Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**5. Debt**

Debt outstanding at December 31, 2012 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan 4644	\$5,113,406	2.75%
State Capital Improvement Loan Program	\$1,462,500	0.00%
Total	\$6,575,906	

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 was paid in full in 2012.

The Village received a State Capital Improvements Program Loan in 2007 and 2008 for the construction of a new wastewater treatment plant.. The Village began repaying the loan in January of 2009 over 20 years.

**VILLAGE OF GLENDALE  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**5. Debt (Continued)**

The Village received a State Capital Improvements Program Loan in 2007 and 2008 for the construction of a new wastewater treatment plant. The Village received \$336,280 and \$577,617 in additional debt proceeds, respectively, in 2011 and 2012. The Village has received \$1,500,000 of the \$1,500,000 awarded as of December 31, 2012. In 2012, the Village began repaying the loan. In 2012, only one payment was due and made in the amount of \$37,500. Beginning in 2013, semi-annual amounts of \$75,000 over 10 years is required of the Village.

The Village's taxing authority collateralized the bonds.

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

Year ending December 31:	Water Pollution Control Loan	State Capital Improvements Program Loan
2013	\$366,593	\$112,500
2014	366,593	150,000
2015	366,593	150,000
2016	366,593	150,000
2017	366,593	150,000
2018-2022	1,832,964	750,000
2023-2027	1,832,964	-
2028	366,593	-
Total	\$5,865,486	\$1,462,500

**6. Retirement Systems**

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

The Ohio Revised Code also prescribes contribution rates. For 2012 and 2011, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.55% of the police participant wages. For 2012 and 2011, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equal to 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2012.

**7. Risk Management**

The Government belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Government Risk Management Plan, (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

**VILLAGE OF GLENDALE  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**7. Risk Management (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 coverages 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, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 767 and 765 members as of December 31, 2012 and 2011 respectively.

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 retained earnings at December 31, 2012 and 2011

	<b>2012</b>	<b>2011</b>
Assets	\$13,100,381	\$12,501,280
Liabilities	(6,687,193)	(5,328,761)
Members' Equity	\$6,413,188	\$7,172,519

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**8. Transfers**

Transfers are used to move revenues from funds that statute or budget requires to collect them to funds that statute or budget requires to expend them; to segregate money for anticipated capital projects; to provide additional resources for current operations or debt service; to return money to the fund from which it was originally provided once a project is completed; and to transfer capital assets. In 2011, the Village transferred \$165,000 and \$40,000 from the General Fund to the Village Capital Fund and Fire Apparatus Fund, respectively, in order to increase fund balances for future equipment costs. In 2012, the Village transferred \$43,700 from the General Fund to the Village Capital Fund in order to increase fund balance for future equipment costs.

**VILLAGE OF GLENDALE  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**8. Transfers (Continued)**

Year	Fund	Transfer-In	Transfer-Out
2012	General Fund	\$ -	\$ 43,700
	Village Capital Improvement Fund	43,700	-
	Total	<u>\$ 43,700</u>	<u>\$ 43,700</u>
2011	General Fund	\$ -	\$ 205,000
	Village Capital Improvement Fund	165,000	-
	Fire Apparatus Fund	40,000	-
	Total	<u>\$ 205,000</u>	<u>\$ 205,000</u>

**9. Change In Accounting Principles**

Beginning in 2011, the Village implemented Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of GASB Statement No. 54 required restatements on some of the actual fund balances. See footnote 12 for additional details on the restatements.

**10. Miscellaneous Revenue**

In 2012 and 2011, miscellaneous revenue comprised of lease and rental payments posted to the Community Fund in the amount of \$14,337 in 2012, and \$28,674 in 2011. This comprised 48% and 90%, respectively of special revenue miscellaneous receipts for both years.

**11. Contingencies**

On December 18, 2012, the Village of Glendale signed a document captioned Director's Final Findings and Orders with the Ohio Department of Environmental Protection (OEPA Order). By signing the OEPA Order, The Village of Glendale agreed to achieve compliance with its current National Pollution Discharge Elimination System (NPDES) Permit. Based on current available information, such compliance could require expenditures by the Village of \$700,000 to \$1.1 million. The Village intends to meet these obligations from current funds, grants, and long-term loans.

**VILLAGE OF GLENDALE  
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**12. Restatements**

Debt Service Fund and Capital Projects Funds were reclassified as enterprise funds. The reclassifications were necessary to report the activity that relates to the wastewater project to conform to the fund definitions of GASB 54 and Auditor of State Bulletin 2011-004. The restatement had the effect on following fund balances:

**Debt Service Fund**

Fund Balance, December 31, 2010	\$478,076
Restatement	<u>(478,076)</u>
Restated Fund Balance, December 31, 2010	\$0

**Capital Project Funds**

Fund Balance, December 31, 2010	\$2,992,744
Restatement	<u>(386,792)</u>
Restated Fund Balance, December 31, 2010	\$2,605,952

**Proprietary Funds**

Fund Balance, December 31, 2010	\$161,551
Restatement	<u>864,868</u>
Restated Fund Balance, December 31, 2010	\$1,026,419



## Caudill & Associates, CPA

P.O. Box 751, South Shore, KY 41175  
P: 606-498-4019 | F: 606-498-4040

Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants  
Kentucky Society of Certified Public Accountants

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

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

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Village of Glendale, Hamilton County, (the Village) as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements, and have issued our report thereon dated September 30, 2013, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits. And wherein we noted the Village adopted new accounting guidance in Government Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

#### ***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 opinion 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings and responses we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of 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. We consider finding 2012-001 described in the accompanying schedule of findings and responses to be a material weakness.

**Village of Glendale  
Hamilton County  
Independent Auditor's Report On Internal Control Over  
Financial Reporting And On Compliance And Other Matters  
Required By *Government Auditing Standards***

***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*.

***Entity's Response to Findings***

The Village's responses to the Findings identified in our audit are described in the accompanying Schedule of Findings and Responses. We did not audit the Village's responses and, accordingly, we express no opinion on them.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Caudill & Associates, CPA*

Caudill & Associates, CPA  
September 30, 2013

**Village of Glendale  
Hamilton County**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2012 AND 2011**

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

**FINDING NUMBER 2012-001**

**Material Weakness – Restatement of Fund Balances**

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

During 2012 and 2011, the Village erroneously posted receipts and disbursements to incorrect line items and the activities related to the wastewater project were not reported in the proper funds to conform to the fund definitions of GASB 54 and Auditor of State Bulletin 2011-004. This required reclassifications/restatements to properly present the activity of the Village for both years.

We recommend the Village implement control procedures related to financial reporting that enable management to identify, prevent, detect and correct potential misstatements in the financial statements and footnotes.

**Officials' Response:**

The Village will implement the auditor's recommendations.

**VILLAGE OF GLENDALE  
HAMILTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2012 AND 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i><b>Explain</b></i>
2010-01	Noncompliance citation – ORC 5705.41(B)	Yes	Finding No Longer Valid
2010-02	Noncompliance citation – ORC 5705.41(D)	Yes	Finding No Longer Valid
2010-03	Material weakness – Recording of Receipts and Debt Proceeds	No	2012-001



# Dave Yost • Auditor of State

**VILLAGE OF GLENDALE**

**HAMILTON COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 28, 2014**