

**Village of Terrace Park**

**Audited Combined Financial Statements**

**Year Ended December 31, 2018**



OHIO AUDITOR OF STATE  
KEITH FABER



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Village Council  
Village of Terrace Park  
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We have reviewed the *Independent Auditor's Report* of the Village of Terrace Park, Hamilton County, prepared by Mountjoy Chilton Medley LLP, for the audit period January 1, 2018 through December 31, 2018. 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 Terrace Park is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads 'Keith Faber'.

Keith Faber  
Auditor of State  
Columbus, Ohio

December 11, 2020



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Year Ended December 31, 2018**

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## **Independent Auditor's Report**

Council Members  
Village of Terrace Park

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

We have audited the accompanying financial statements of Village of Terrace Park, Hamilton County, Ohio (the "Village") which comprise the cash and unencumbered cash for each fund as of December 31, 2018 and the related statements of receipts, disbursements and changes in fund balances (cash basis) for the year then ended and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

The Village's management is responsible for the preparation and fair presentation of 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(D), as described in Note B. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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## **Independent Auditor's Report (Continued)**

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

As described in Note B of the financial statements, the financial statements are prepared by the Village on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Ohio Auditor of State.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note B 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 each fund of the Village as of December 31, 2018, or changes in net position for the year then ended.

### **Unmodified Opinion on Regulatory Basis of Accounting**

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash of each fund of the Village as of December 31, 2018, and their respective cash receipts, disbursements, and changes in fund balances (cash basis) for the year then ended, in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) described in Note B.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2020, on our consideration of the Village of Terrace Park, Hamilton County, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

 MCM CPAs & Advisors LLP

Cincinnati, Ohio  
September 23, 2020



**Village of Terrace Park, Ohio**  
**Combined Statement of Receipts, Disbursements**  
**and Changes in Fund Balances (Cash Basis)**  
**all Governmental Fund Types**  
**Year Ended December 31, 2018**

	General	Special revenue	Debt service	Capital projects	Totals (memorandum only)
Cash receipts					
Property and other taxes	\$ 1,437,392	\$ 32,752	\$ 133,375	\$ -	\$ 1,603,519
Intergovernmental	203,495	84,906	8,897	-	297,298
Special assessments	-	48,806	-	-	48,806
Fines, license and permits	89,613	8,296	-	-	97,909
Earnings on investments	22,765	637	-	-	23,402
Miscellaneous	40,083	-	-	-	40,083
	<u>1,793,348</u>	<u>175,397</u>	<u>142,272</u>	<u>-</u>	<u>2,111,017</u>
Cash disbursements					
Current					
Security of persons and property	988,205	1,250	-	-	989,455
Leisure time activities	14,764	-	-	-	14,764
Community environment	41,246	-	-	-	41,246
Basic utility services	151,340	-	-	-	151,340
Transportation	280,457	114,187	-	-	394,644
General government	376,780	45,971	1,600	-	424,351
Capital outlay	-	-	-	-	-
Debt service					
Principal retirement	-	-	85,000	-	85,000
Interest and fiscal charges	-	-	52,213	-	52,213
	<u>1,852,792</u>	<u>161,408</u>	<u>138,813</u>	<u>-</u>	<u>2,153,013</u>
Net change in fund cash balances	<u>\$ (59,444)</u>	<u>\$ 13,989</u>	<u>\$ 3,459</u>	<u>\$ -</u>	<u>\$ (41,996)</u>
Fund cash balances, January 1	\$ 1,467,938	\$ 116,240	\$ 166,633	\$ 1,445	\$ 1,752,256
Fund cash balances, December 31					
Restricted	-	130,229	170,092	1,445	301,766
Assigned	24,843	-	-	-	24,843
Unassigned	1,383,651	-	-	-	1,383,651
	<u>1,383,651</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,383,651</u>
Fund cash balances, December 31	<u>\$ 1,408,494</u>	<u>\$ 130,229</u>	<u>\$ 170,092</u>	<u>\$ 1,445</u>	<u>\$ 1,710,260</u>

See accompanying notes.

**Village of Terrace Park, Ohio**  
**Combined Statement of Receipts, Disbursements**  
**and Changes in Fund Balances (Cash Basis)**  
**Agency Fund Types**  
**Year Ended December 31, 2018**

Operating cash receipts	
Fees, fines and forfeitures	<u>\$ 56,362</u>
Operating cash disbursements	
Payments/distributions to Village of Terrace Park	35,273
Payments/distributions to other jurisdictions	<u>21,089</u>
All operating cash disbursements	<u>56,362</u>
Net change in fund cash balances	-
Fund cash balances, January 1	<u>-</u>
Fund cash balances, December 31	<u><u>\$ -</u></u>

See accompanying notes.

**Village of Terrace Park, Ohio**  
**Notes to Combined Financial Statements**  
**Year Ended December 31, 2018**

**Note A - Nature of Organization and Operations**

The Village of Terrace Park, Hamilton County, Ohio (the "Village") is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general governmental services, water, road maintenance, fire, police, and basic life support services. The Village appropriates general fund money to support a volunteer fire department.

The Village participates in the Ohio Plan Risk Management public entity risk pool which provides the Village with liability and property insurance coverage. Note G to the financial statements provides additional information for this entity. The Village also participates in the Ohio Municipal League Group Rating Plan for worker's compensation. Note K provides additional information for this entity.

**Note B - Summary of Significant Accounting Policies**

1. Basis of Presentation: The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.
2. Fund Accounting: The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:
  - *General Fund*: The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.
  - *Special Revenue Refunds*: These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:
    - *Street Construction Maintenance and Repair*: The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.
    - *Special Tree Program Fund*: This fund receives special assessment monies to fund the planting and preservation of Village Trees.
  - *Debt Service Funds*: These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Funds:
    - *Bond Retirement Fund*: This fund receives property tax and homestead and rollback monies which are used to pay the principal and interest on Building Facilities and Equipment bonds.
  - *Capital Projects Funds*: These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village has the following significant Capital Projects Funds:
    - *Community Building Complex and Fire Truck Fund*: This fund received proceeds from the issuance of bonds which were issued in 2005, to pay the costs of improvements to the community building and for the purchase of a new fire truck.
  - *Fiduciary Funds*: 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 has the following significant Agency Fund:
    - *Mayor's Court*: The Mayor's Court accounts for the collection and distribution of court fines and forfeitures. The Village disburses these funds as directed by the individual, organization or other government.

**Village of Terrace Park, Ohio**  
**Notes to Combined Financial Statements (Continued)**  
**Year Ended December 31, 2018**

**Note B - Summary of Significant Accounting Policies (Continued)**

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

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

4. Budgetary Process:

- *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. Appropriations lapse at year end.
- *Estimated Resources*: Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.
- *Encumbrances*: The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over and need not be appropriated.

A summary of budgetary activity appears in Note C.

5. 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.
6. Capital Assets: The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.
7. 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.
8. Fund Balance: The 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:
- *Non-spendable*: The Village classifies assets as *non-spendable* when legally or contractually required to maintain the amounts intact.
  - *Restricted*: Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.
  - *Committed*: Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**Village of Terrace Park, Ohio**  
**Notes to Combined Financial Statements (Continued)**  
**Year Ended December 31, 2018**

**Note B - Summary of Significant Accounting Policies (Continued)**

8. Fund Balance (Continued):

- *Assigned:* Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.
- *Unassigned:* Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

**Village of Terrace Park, Ohio**  
**Notes to Combined Financial Statements (Continued)**  
**Year Ended December 31, 2018**

**Note C - Budgetary Activity**

Budgetary activity for the year ending December 31, 2018 is as follows:

<u>General fund</u>	<u>Final budget</u>	<u>Actual</u>	<u>Variance with final budget</u>
Total receipts	\$ 1,687,982	\$ 1,793,348	\$ 105,366
Total expenditures	<u>(1,914,667)</u>	<u>(1,877,635)</u>	<u>37,032</u>
Net change in fund balance	(226,685)	(84,287)	142,398
Fund balance at beginning of year	1,458,909	1,458,909	-
Prior year encumbrances appropriated	<u>9,029</u>	<u>9,029</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,241,253</u>	<u>\$ 1,383,651</u>	<u>\$ 142,398</u>
 <u>Special revenue</u>			
Total receipts	\$ 176,645	\$ 175,397	\$ (1,248)
Total expenditures	<u>(170,339)</u>	<u>(162,093)</u>	<u>8,246</u>
Net change in fund balance	6,306	13,304	6,998
Fund balance at beginning of year	113,109	113,109	-
Prior year encumbrances appropriated	<u>3,131</u>	<u>3,131</u>	<u>-</u>
Fund balance at end of year	<u>\$ 122,546</u>	<u>\$ 129,544</u>	<u>\$ 6,998</u>
 <u>Debt service</u>			
Total receipts	\$ 134,060	\$ 142,272	\$ 8,212
Total expenditures	<u>(138,813)</u>	<u>(138,813)</u>	<u>-</u>
Net change in fund balance	(4,753)	3,459	8,212
Fund balance at beginning of year	166,633	166,633	-
Prior year encumbrances appropriated	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ 161,880</u>	<u>\$ 170,092</u>	<u>\$ 8,212</u>
 <u>Capital projects</u>			
Total receipts	\$ -	\$ -	\$ -
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	-
Fund balance at beginning of year	1,445	1,445	-
Prior year encumbrances appropriated	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,445</u>	<u>\$ 1,445</u>	<u>\$ -</u>

**Village of Terrace Park, Ohio**  
**Notes to Combined Financial Statements (Continued)**  
**Year Ended December 31, 2018**

**Note C - Budgetary Activity (Continued)**

The Village had outstanding encumbrances for the year ended December 31, 2018, as follows:

Fund type	
General	\$ 24,843
Special revenue	685
Debt service	-
Capital projects	-
	<hr/>
Total	<u>\$ 25,528</u>

**Note D - 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:

Demand deposits	\$ 64,410
Certificates of deposit	<u>721,831</u>
Total deposits	786,241
 STAR Ohio	 <u>924,019</u>
Total deposits and investments	 <u>\$ 1,710,260</u>

Deposits

The Village maintains a deposit and investments pool that all funds use.

Deposits are insured by the Federal Deposit Insurance Corporation or via participation in the Ohio Pooled Collateral System ("OPCS"), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Investments

Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

**Note E - Taxes**

Property Taxes

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

**Village of Terrace Park, Ohio**  
**Notes to Combined Financial Statements (Continued)**  
**Year Ended December 31, 2018**

**Note E - Taxes (Continued)**

Property Taxes (Continued)

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

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

**Note F - Fund Cash Balances**

The fund cash balances for all governmental funds are classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources.

The constraints of the fund cash balances for the year ended December 31, 2018 are as follows:

Description	General	Special revenue	Debt service	Capital projects	Totals (memorandum only)
Restricted for					
Community development	\$ -	\$ 29,090	\$ -	\$ -	\$ 29,090
Drug and alcohol education and enforcement	-	1,908	-	-	1,908
Police operations	-	19,647	-	-	19,647
Road maintenance and improvements	-	79,584	-	-	79,584
Debt service	-	-	170,092	-	170,092
Capital projects	-	-	-	1,445	1,445
Total restricted	-	130,229	170,092	1,445	301,766
Assigned supplies	24,843	-	-	-	24,843
Total assigned	24,843	-	-	-	24,843
Unassigned	1,383,651	-	-	-	1,383,651
Total	<u>\$ 1,408,494</u>	<u>\$ 130,229</u>	<u>\$ 170,092</u>	<u>\$ 1,445</u>	<u>\$ 1,710,260</u>



**Village of Terrace Park, Ohio**  
**Notes to Combined Financial Statements (Continued)**  
**Year Ended December 31, 2018**

**Note G - Risk Management**

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

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other 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. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, OPRM's property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2018:

Total assets	\$ 15,065,412
Total liabilities	<u>(10,734,623)</u>
Accumulated surplus	<u>\$ 4,330,789</u>

The complete audited financial statements for OPRM can be found at the Plans Website: [www.ohioplan.org](http://www.ohioplan.org).

**Note H - Defined Benefit Pension Plans**

The Village's full-time Police Officers belong to the Police and Fire Pension Fund ("OP&F"). Other 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' benefits, which include postretirement healthcare and survivor and disability benefits.

Ohio Public Employees Retirement System

Approximately twenty employees belong to the OPERS. OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2018, OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2018.

**Village of Terrace Park, Ohio**  
**Notes to Combined Financial Statements (Continued)**  
**Year Ended December 31, 2018**

**Note H - Defined Benefit Pension Plans (Continued)**

Ohio Police and Fire Retirement System

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

The Ohio Revised Code also prescribes contribution rates. For 2018, OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2018.

<u>Retirement rates</u>	<u>Year</u>	<u>Member rate</u>	<u>Employer rate</u>
OP&F - full time police	July 1, 2014 - June 30 2015	11.5%	19.5%
OP&F - full time police	July 1, 2015 - December 31, 2018	12.25%	19.5%

**Note I - Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. For 2018, the portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent. For 2018, the portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent. For 2018, OP&F contributed 0.5 percent to fund these benefits.

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

**Note J - Debt**

Debt outstanding at December 31, 2018 was as follows:

<u>Principal</u>	<u>Interest rate</u>
\$ 1,225,000	2.00% - 5.25%

The Village's Building Facilities and Fire Truck/Equipment Bonds were originally issued on June 1, 2005, in the amount of \$2,100,000 for the purpose of acquiring a new fire truck and reconfiguring and expanding the community building facilities. In 2014, the Huntington Investment Company, Cincinnati, Ohio entered into a Bond Purchase Agreement with the Village of Terrace Park for the purchase by the Underwriter and sale by the Issuer (refunding) of the remaining balance (\$1,515,000). The Building Facilities and Equipment Refunding Bonds, Series 2014 are dated November 13, 2014, are set to mature in 2029 and to bear interest at the rates (2.00% - 5.25%) and to be payable at the times all as set forth by the lender.

The Village will repay the bonds using property taxes and governmental revenue generated from a tax levy approved in November 2004, for the purpose of issuing these bonds. The debt service payments will be made from the Debt Service Fund.

**Village of Terrace Park, Ohio**  
**Notes to Combined Financial Statements (Continued)**  
**Year Ended December 31, 2018**

**Note J - Debt (Continued)**

Leases

The Village leases a Sharp copier. The Village dispenses \$89.00 monthly with excess charges billed at .012 per B&W print, .065 per color print, beginning January 2016, existing of a total of 60 payments.

Amortization

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

<u>Year ending December 31,</u>	<u>Building facilities and equipment refunding bonds series 2014</u>
2019	\$ 130,513
2020	143,913
2021	142,013
2022	144,638
2023	142,138
2024	149,637
2025 - 2029	<u>750,523</u>
Total	<u>\$ 1,603,375</u>

**Note K - Public Entity Risk Pool**

The Village participates in the Ohio Municipal League Group Rating Plan ("GRP") for worker's compensation. The pool's business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

**Note L - Subsequent Events**

In March 2020, the World Health Organization declared the global novel coronavirus disease 2019 ("COVID -19") outbreak a pandemic. Further, the United States Centers for Disease Control and Prevention confirmed the spread of the disease throughout the United States. As of the date the accompanying consolidated financial statements were available to be issued, the Organization's operations have not been significantly impacted by the COVID-19 outbreak. The Organization's operations could be adversely affected as a result of COVID-19, but the impact is not known at this point as the scale and severity of the outbreak, and resulting economic impact, is still largely unknown.



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

Council Members  
The Village of Terrace Park

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Village of Terrace Park, Hamilton County, Ohio (the "Village") as of and for the year ended December 31, 2018 and the related notes to the financial statements which collectively comprise the Village's financial statements, and have issued our report thereon dated September 23, 2020, in which it is noted that the Village prepares its financial statements on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

**Internal Control over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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*.

**Purpose of this Report**

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



Cincinnati, Ohio  
September 23, 2020

**Village of Terrace Park, Ohio**  
**Schedule of Findings and Responses and Summary**  
**Schedule of Prior Audit Findings**  
**Year Ended December 31, 2018**

**Schedule of Findings and Responses**

None noted.

**Summary Schedule of Prior Audit Findings**

None noted.

**Village of Terrace Park**  
**Audited Combined Financial Statements**  
**Year Ended December 31, 2019**





OHIO AUDITOR OF STATE  
KEITH FABER



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Village Council  
Village of Terrace Park  
428 Elm Ave  
Terrace Park, OH 45174

We have reviewed the *Independent Auditor's Report* of the Village of Terrace Park, Hamilton County, prepared by Mountjoy Chilton Medley LLP, for the audit period January 1, 2019 through December 31, 2019. 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 Terrace Park is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

December 11, 2020



**Village of Terrace Park  
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Year Ended December 31, 2019**

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## **Independent Auditor's Report**

Council Members  
Village of Terrace Park

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

We have audited the accompanying financial statements of Village of Terrace Park, Hamilton County, Ohio (the "Village") which comprise the cash and unencumbered cash for each fund as of December 31, 2019 and the related statements of receipts, disbursements and changes in fund balances (cash basis) for the year then ended and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

The Village's management is responsible for the preparation and fair presentation of 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(D), as described in Note B. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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## **Independent Auditor's Report (Continued)**

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

As described in Note B of the financial statements, the financial statements are prepared by the Village on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the Ohio Auditor of State.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note B 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 each fund of the Village as of December 31, 2019, or changes in net position for the year then ended.

### **Unmodified Opinion on Regulatory Basis of Accounting**

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash of each fund of the Village as of December 31, 2019 and their respective cash receipts, disbursements, and changes in fund balances (cash basis) for the year then ended, in accordance with the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) described in Note B.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2020, on our consideration of the Village of Terrace Park, Hamilton County, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

MCM CPAs & Advisors LLP

Cincinnati, Ohio  
September 23, 2020

**Village of Terrace Park, Ohio**  
**Combined Statement of Receipts, Disbursements**  
**and Changes in Fund Balances (Cash Basis)**  
**all Governmental Fund Types**  
**Year Ended December 31, 2019**

	<u>General</u>	<u>Special revenue</u>	<u>Debt service</u>	<u>Capital projects</u>	<u>Totals (memorandum only)</u>
Cash receipts					
Property and other taxes	\$ 1,405,876	\$ 33,265	\$ 122,763	\$ -	\$ 1,561,904
Intergovernmental	209,848	100,188	17,681	-	327,717
Special assessments	-	51,613	-	-	51,613
Fines, license and permits	108,191	9,160	-	-	117,351
Earnings on investments	35,152	1,432	-	-	36,584
Miscellaneous	44,626	1,452	-	-	46,078
	<u>1,803,693</u>	<u>197,110</u>	<u>140,444</u>	<u>-</u>	<u>2,141,247</u>
Total cash receipts					
Cash disbursements					
Current					
Security of persons and property	1,024,002	-	-	-	1,024,002
Leisure time activities	35,476	-	-	-	35,476
Community environment	52,248	-	-	-	52,248
Basic utility services	146,668	-	-	-	146,668
Transportation	215,724	115,631	-	-	331,355
General government	371,692	72,555	1,551	-	445,798
Debt service					
Principal retirement	-	-	80,000	-	80,000
Interest and fiscal charges	-	-	50,513	-	50,513
	<u>1,845,810</u>	<u>188,186</u>	<u>132,064</u>	<u>-</u>	<u>2,166,060</u>
Total cash disbursements					
Net change in fund cash balances	<u>\$ (42,117)</u>	<u>\$ 8,924</u>	<u>\$ 8,380</u>	<u>\$ -</u>	<u>\$ (24,813)</u>
Fund cash balances, January 1	\$ 1,408,494	\$ 130,229	\$ 170,092	\$ 1,445	\$ 1,710,260
Fund cash balances, December 31					
Restricted	-	139,153	178,472	1,445	319,070
Assigned	18,934	-	-	-	18,934
Unassigned	1,347,443	-	-	-	1,347,443
	<u>1,366,377</u>	<u>139,153</u>	<u>178,472</u>	<u>1,445</u>	<u>1,685,447</u>
Fund cash balances, December 31					

See accompanying notes.

**Village of Terrace Park, Ohio**  
**Combined Statement of Receipts, Disbursements**  
**and Changes in Fund Balances (Cash Basis)**  
**Agency Fund Types**  
**Year Ended December 31, 2019**

Operating cash receipts	
Fees, fines and forfeitures	<u>\$ 77,808</u>
Operating cash disbursements	
Payments/distributions to Village of Terrace Park	57,861
Payments/distributions to other jurisdictions	<u>19,947</u>
All operating cash disbursements	<u>77,808</u>
Net change in fund cash balances	-
Fund cash balances, January 1	<u>-</u>
Fund cash balances, December 31	<u><u>\$ -</u></u>

See accompanying notes.



**Village of Terrace Park, Ohio**  
**Notes to Combined Financial Statements**  
**Year Ended December 31, 2019**

**Note A - Nature of Organization and Operations**

The Village of Terrace Park, Hamilton County, Ohio (the "Village") is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general governmental services, water, road maintenance, fire, police, and basic life support services. The Village appropriates general fund money to support a volunteer fire department.

The Village participates in the Ohio Plan Risk Management public entity risk pool which provides the Village with liability and property insurance coverage. Note G to the financial statements provides additional information for this entity. The Village also participates in the Ohio Municipal League Group Rating Plan for worker's compensation. Note K provides additional information for this entity.

**Note B - Summary of Significant Accounting Policies**

1. Basis of Presentation: The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.
2. Fund Accounting: The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:
  - *General Fund*: The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.
  - *Special Revenue Refunds*: These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:
    - *Street Construction Maintenance and Repair*: The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.
    - *Special Tree Program Fund*: This fund receives special assessment monies to fund the planting and preservation of Village Trees.
  - *Debt Service Funds*: These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Funds:
    - *Bond Retirement Fund*: This fund receives property tax and homestead and rollback monies which are used to pay the principal and interest on Building Facilities and Equipment bonds.
  - *Capital Projects Funds*: These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village has the following significant Capital Projects Funds:
    - *Community Building Complex and Fire Truck Fund*: This fund received proceeds from the issuance of bonds which were issued in 2005, to pay the costs of improvements to the community building and for the purchase of a new fire truck.
  - *Fiduciary Funds*: 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 has the following significant Agency Fund:
    - *Mayor's Court*: The Mayor's Court accounts for the collection and distribution of court fines and forfeitures. The Village disburses these funds as directed by the individual, organization or other government.

**Village of Terrace Park, Ohio**  
**Notes to Combined Financial Statements (Continued)**  
**Year Ended December 31, 2019**

**Note B - Summary of Significant Accounting Policies (Continued)**

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

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

4. Budgetary Process:

- *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. Appropriations lapse at year end.
- *Estimated resources*: Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must approve estimated resources.
- *Encumbrances*: The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over and need not be appropriated.

A summary of budgetary activity appears in Note C.

5. 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.
6. Capital Assets: The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.
7. 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.
8. Fund Balance: The 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:
- *Non-spendable*: The Village classifies assets as *non-spendable* when legally or contractually required to maintain the amounts intact.
  - *Restricted*: Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.
  - *Committed*: Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**Village of Terrace Park, Ohio**  
**Notes to Combined Financial Statements (Continued)**  
**Year Ended December 31, 2019**

**Note B - Summary of Significant Accounting Policies (Continued)**

8. Fund Balance (Continued):

- *Assigned:* Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.
- *Unassigned:* Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

**Village of Terrace Park, Ohio**  
**Notes to Combined Financial Statements (Continued)**  
**Year Ended December 31, 2019**

**Note C - Budgetary Activity**

Budgetary activity for the year ending December 31, 2019 is as follows:

General fund	Final budget	Actual	Variance with final budget
Total receipts	\$ 1,702,328	\$ 1,803,693	\$ 101,365
Total expenditures	<u>(1,931,827)</u>	<u>(1,864,744)</u>	<u>67,083</u>
Net change in fund balance	(229,499)	(61,051)	168,448
Fund balance at beginning of year	1,383,651	1,383,651	-
Prior year encumbrances appropriated	<u>24,843</u>	<u>24,843</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ 1,178,995</u></u>	<u><u>\$ 1,347,443</u></u>	<u><u>168,448</u></u>
<u>Special revenue</u>			
Total receipts	\$ 172,445	\$ 197,110	\$ 24,665
Total expenditures	<u>(193,547)</u>	<u>(188,263)</u>	<u>5,284</u>
Net change in fund balance	(21,102)	8,847	29,949
Fund balance at beginning of year	129,544	129,544	-
Prior year encumbrances appropriated	<u>685</u>	<u>685</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ 109,127</u></u>	<u><u>\$ 139,076</u></u>	<u><u>\$ 29,949</u></u>
<u>Debt service</u>			
Total receipts	\$ 138,051	\$ 140,444	\$ 2,393
Total expenditures	<u>(132,113)</u>	<u>(132,064)</u>	<u>49</u>
Net change in fund balance	5,938	8,380	2,442
Fund balance at beginning of year	170,092	170,092	-
Prior year encumbrances appropriated	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ 176,030</u></u>	<u><u>\$ 178,472</u></u>	<u><u>\$ 2,442</u></u>
<u>Capital projects</u>			
Total receipts	\$ -	\$ -	\$ -
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	-
Fund balance at beginning of year	1,445	1,445	-
Prior year encumbrances appropriated	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ 1,445</u></u>	<u><u>\$ 1,445</u></u>	<u><u>\$ -</u></u>

**Village of Terrace Park, Ohio**  
**Notes to Combined Financial Statements (Continued)**  
**Year Ended December 31, 2019**

**Note C - Budgetary Activity (Continued)**

The Village had outstanding encumbrances for the year ended December 31, 2019, as follows:

Fund type		
General	\$	18,934
Special revenue		77
Debt service		-
Capital projects		-
		<hr/>
Total	\$	<u>19,011</u>

**Note D - 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:

Demand deposits	\$	65,850
Certificates of deposit		<u>673,920</u>
Total deposits		739,770
 STAR Ohio		<u>945,677</u>
Total deposits and investments	\$	<u>1,685,447</u>

Deposits

The Village maintains a deposit and investments pool that all funds use.

Deposits are insured by the Federal Deposit Insurance Corporation or via participation in the Ohio Pooled Collateral System ("OPCS"), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Investments

Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

**Note E - Taxes**

Property Taxes

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

**Village of Terrace Park, Ohio**  
**Notes to Combined Financial Statements (Continued)**  
**Year Ended December 31, 2019**

**Note E - Taxes (Continued)**

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

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

**Note F - Fund Cash Balances**

The fund cash balances for all governmental funds are classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources.

The constraints of the fund cash balances for the year ended December 31, 2019 are as follows:

Description	General	Special revenue	Debt service	Capital projects	Totals (memorandum only)
Restricted for					
Community development	\$ -	\$ 17,746	\$ -	\$ -	\$ 17,746
Drug and alcohol education	-	3,385	-	-	3,385
Police operations	-	19,184	-	-	19,184
Road maintenance and improvements	-	98,838	-	-	98,838
Debt service	-	-	178,472	-	178,472
Capital projects	-	-	-	1,445	1,445
Total restricted	-	139,153	178,472	1,445	319,070
Assigned supplies	18,934	-	-	-	18,934
Total assigned	18,934	-	-	-	18,934
Unassigned	1,347,443	-	-	-	1,347,443
Total	<u>\$ 1,366,377</u>	<u>\$ 139,153</u>	<u>\$ 178,472</u>	<u>\$ 1,445</u>	<u>\$ 1,685,447</u>

**Note G - Risk Management**

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

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

**Village of Terrace Park, Ohio**  
**Notes to Combined Financial Statements (Continued)**  
**Year Ended December 31, 2019**

**Note G - Risk Management (Continued)**

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, OPRM's property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 776 members as of December 31, 2019.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2019:

Total assets	\$ 15,920,504
Total liabilities	<u>(11,329,011)</u>
Accumulated surplus	<u>\$ 4,591,493</u>

The complete audited financial statements for OPRM can be found at the Plans Website: [www.ohioplan.org](http://www.ohioplan.org).

**Note H - Defined Benefit Pension Plans**

The Village's full-time Police Officers belong to the Police and Fire Pension Fund ("OP&F"). Other 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' benefits, which include postretirement healthcare and survivor and disability benefits.

Ohio Public Employees Retirement System

Approximately twenty employees belong to the OPERS. OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2019 OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2019.

<u>Retirement rates</u>	<u>Year</u>	<u>Member rate</u>	<u>Employer rate</u>
OPERS - local	2012 - 2019	10.00%	14.00%

Ohio Police and Fire Retirement System

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

**Village of Terrace Park, Ohio**  
**Notes to Combined Financial Statements (Continued)**  
**Year Ended December 31, 2019**

**Note H - Defined Benefit Pension Plans (Continued)**

Ohio Public Employees Retirement System (Continued)

The Ohio Revised Code also prescribes contribution rates. For 2019 OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2019.

<u>Retirement rates</u>	<u>Year</u>	<u>Member rate</u>	<u>Employer rate</u>
OP&F - full time police	July 1, 2014 - June 30 2015	11.50%	19.50%
OP&F - full time police	July 1, 2015 - December 31, 2019	12.25%	19.50%

**Note I - Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. For 2019 the portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent. For 2019 the portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent. For 2019 OP&F contributed 0.5 percent to fund these benefits.

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

**Note J - Debt**

Debt outstanding at December 31, 2019 was as follows:

<u>Principal</u>	<u>Interest rate</u>
\$1,145,000	2.00% - 5.25%

The Village's Building Facilities and Fire Truck/Equipment Bonds were originally issued on June 1, 2005, in the amount of \$2,100,000 for the purpose of acquiring a new fire truck and reconfiguring and expanding the community building facilities. In 2014, the Huntington Investment Company, Cincinnati, Ohio entered into a Bond Purchase Agreement with the Village of Terrace Park for the purchase by the Underwriter and sale by the Issuer (refunding) of the remaining balance (\$1,515,000). The Building Facilities and Equipment Refunding Bonds, Series 2014 are dated November 13, 2014, are set to mature in 2029 and to bear interest at the rates (2.00% - 5.25%) and to be payable at the times all as set forth by the lender.

The Village will repay the bonds using property taxes and governmental revenue generated from a tax levy approved in November 2004, for the purpose of issuing these bonds. The debt service payments will be made from the Debt Service Fund.



**Village of Terrace Park, Ohio**  
**Notes to Combined Financial Statements (Continued)**  
**Year Ended December 31, 2019**

**Note J - Debt (Continued)**

Leases

The Village Leases a Sharp Copier the Village dispenses \$89.00 monthly with excess charges billed at .012 per B&W print, .065 per color print, beginning January 2016, existing of a total of 60 payments.

Amortization

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

<u>Year ending December 31,</u>	<u>Building facilities and equipment refunding bonds series 2014</u>
2019	\$ 130,513
2020	143,913
2021	142,013
2022	144,638
2023	142,138
2024	149,637
2025 - 2029	<u>750,523</u>
Total	<u>\$ 1,603,375</u>

**Note K - Public Entity Risk Pool**

The Village participates in the Ohio Municipal League Group Rating Plan ("GRP") for worker's compensation. The pool's business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

**Note L - Subsequent Events**

In March 2020, the World Health Organization declared the global novel coronavirus disease 2019 ("COVID -19") outbreak a pandemic. Further, the United States Centers for Disease Control and Prevention confirmed the spread of the disease throughout the United States. As of the date the accompanying consolidated financial statements were available to be issued, the Organization's operations have not been significantly impacted by the COVID-19 outbreak. The Organization's operations could be adversely affected as a result of COVID-19, but the impact is not known at this point as the scale and severity of the outbreak, and resulting economic impact, is still largely unknown.



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

Council Members  
The Village of Terrace Park

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Village of Terrace Park, Hamilton County, Ohio (the "Village") as of and for the year ended December 31, 2019 and the related notes to the financial statements which collectively comprise the Village's financial statements, and have issued our report thereon dated September 23, 2020, in which it is noted that the Village prepares its financial statements on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

### **Internal Control over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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*.

**Purpose of this Report**

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



Cincinnati, Ohio  
September 23, 2020

**Village of Terrace Park, Ohio  
Schedule of Findings and Responses and Summary  
Schedule of Prior Audit Findings  
Year Ended December 31, 2019**

**Schedule of Findings and Responses**

None noted.

**Summary Schedule of Prior Audit Findings**

None noted.

# OHIO AUDITOR OF STATE KEITH FABER



**VILLAGE OF TERRACE PARK**

**HAMILTON COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 12/24/2020**

88 East Broad Street, Columbus, Ohio 43215  
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This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)