



Village of Glendale, Ohio

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Glendale, Ohio 45246
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Donald A. Lofty, Mayor
David Lumsden, Village Administrator

Memorandum

To: Mayor Donald Lofty, Council of the Village of Glendale
From: David Lumsden, Village Administrator 
Date: December 1, 2023
Attached: Independent Auditor's Report for 2021 and 2022
Management Letter for 2021 and 2022
Subject: **Review of Auditor's Report for 2021 and 2022 dated November 16, 2023**

I. Overall Opinion and Comparison to 2019-2020 Audit Findings

On page 1 of the Village of Glendale's 2021 and 2022 Audit Report from the Ohio Auditor of State's Office, it reads:

"In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2022 and 2021,"

In brief, this means the Village's financial statements accurately reflect the financial activity of the Village for its status as a regulatory accounting entity.

The report also explains that the Village's financial statements "do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village,".

This may seem to indicate that the Village's records are incorrect or poorly prepared, but this is not the case. The Village does not operate using "generally accepted accounting principles", which is known as GAAP accounting. Since the Village does not operate under that kind of accounting, it is not appropriate to evaluate its statements against those criteria and the Auditor includes this statement to call attention to this fact. The Village does not use GAAP accounting due to the relatively small size of the Village's budget and its types of financial activity.

The audit report consists of two documents, the Schedule of Findings and the Management Letter. The Schedule of Findings is listing of the findings where the Village had material weaknesses in

its financial statements or reporting. A list of these items is included in the attached report. The Management Letter, which is not published on the Auditor of State's website, but is attached to this document, lists other noncompliance findings which are not significant enough to be included in the Schedule of Findings. This entire document is published on the Village's website for review by the public.

This audit report, for the 2021 and 2022 financial statements, lists 2 findings in the Schedule of Findings, and 4 findings and 1 recommendation.

The Village's previous audit was performed in 2021 and reviewed the financial statements for 2019 and 2020. In the audit report for that period, the report listed 2 findings in the audit report, and 10 findings and 3 recommendations in the management letter.

Years Audited	Schedule of Findings	Management Letter
2021 and 2022	2 findings	4 findings, 1 recommendation
2019 and 2020	2 findings	10 findings, 3 recommendations

The audit report and findings for 2021 and 2022 show notable improvement from the previous audit report for 2019 and 2020. This is the result of improvements to the Village's financial recording procedures to simplify them and eliminate possible errors, and expansion of the Village's finance staff to better segregate duties and establish procedures.

In 2024, the Village will be undergoing a one-year audit for 2023, to verify the work performed in 2023 to further improve the Village's financial operations, including the transition to the Uniform Accounting Network (UAN) software.

Through the rest of this document, I will review each finding and recommendation and provide additional information related to why they were included, what operation or function of the Village is being reviewed, and how the Village has taken steps to address and correct them.

II. Schedule of Findings, Finding 2022-001 (page 35 of the Audit Report document)

This finding describes reporting conditions that were erroneous or misstated. Four specific items were identified as part of this finding.

The first refers to Mayor's Court activity not being reported on the Village's financial statements. The Mayor's Court account is a separate bank account, operated by the Mayor's Court Clerk. The financial activity for that account is required to appear on the Village's financial statements as a 'Custodial' fund, meaning that it is simply reported on the financial statements but isn't part the Village's regular operating budgets.

The second item refers to the total of the Special Revenue Funds being understated. One of the Village's Special Revenue Funds was erroneously not reported in the financial statements. There was no activity in the fund, which is why the beginning and ending balances were the same in 2021 and 2022. The fund is included in the financial statements for 2023.

The third item refers to items that were placed in different lines than the Auditor recommends for these expenditures in 2021. They were accurately recorded in 2022 and continue to be accurately recorded in 2023 and onward.

The last item is included as the Village's 2021 financial statement notes did not include outstanding encumbrances. Outstanding encumbrances are amounts that are committed before the end of the year but are not paid until the following year. This issue was corrected in the 2022 financial statements.

Through the simplification of the Village's budget for 2024, as well as expanded staffing in the Village Office, these issues, and issues like them, are significantly less likely to occur again.

III. Schedule of Findings, Finding 2022-002 (page 36 of the Audit Report document)

This finding lists certain amounts for appropriations and estimated resources (revenues) that were not correctly recorded in the Village's internal accounting software.

Appropriations, or budgeted amounts, can only be set by Council, in public meetings. All appropriations, including the starting budget for each year, and any changes to appropriations made by ordinance during the year were discussed and approved by Council at one of its regular meetings. From there, the changes are reported to the Hamilton County Budget Commission.

All appropriations for 2021 and 2022, including amendments throughout the year, were reviewed and approved by Council in a public meeting. All changes were submitted to the Hamilton County Budget Commission. Further, no expenditures were made over appropriations.

Like the first finding, the expansion of staffing in the Village Office will ensure the Village's accounting software is properly updated to reflect changes made by Council.

IV. Management Letter Findings and Recommendation

The purpose of the Management Letter is to identify smaller, less consequential findings that were identified during the audit. Because this letter is written for use by the management of the Village and Council, the Auditor of State's Office does not publish it publicly. To maintain and promote transparency in the Village, the Management Letter is included here, for the public to review.

Each item in the Management Letter is listed below, along with additional information about how the Village is addressing each finding. Each of the findings were corrected for 2023.

1. Noncompliance Finding – Fiscal Integrity Act

The Village fiscal officer (the Village Clerk) did not attend the annual training programs in 2021 and 2022. The Clerk attended a training in 2023 and will attend training annually every year going forward.

2. Noncompliance Finding – Undistributed Funds

The Mayor's Court account, mentioned in Finding 2022-001 of the Schedule of Findings, maintained a balance of over \$20,000. After confirmation that all obligations to the State of Ohio were paid, the remaining balance was transferred to the General Fund. In 2024, any significant uncommitted balance will be transferred automatically to the General Fund to prevent this finding from reoccurring.

3. Noncompliance Finding – Timely Deposits

The Village keeps all payments securely stored until they can be deposited. In 2024, the Village Administration and Council will draft and review policies related to the accounting and budget procedures for the Village, including deposit timing.

4. Noncompliance Finding – Public Records Custodian

The Village Administrator serves as the individual responsible for the maintenance of public records and responding to records requests. To correct this finding, the Village Council passed Resolution 2023-20, appointing the Village Administrator as the Public Records Custodian for the Village. This appointment will be confirmed by Council every 2 years, the Auditor's recommended timeframe.

5. Recommendation – Cash Reconciliation Process Errors

This recommendation listed two accounts that were not properly reconciled for 2021 and 2022, the Payroll checking account and Mayor's Court checking account.

The Payroll checking account was a 'clearing' account established to process payroll, including the payment of benefits like pension payments and insurance for employees. When the Village transitioned to Huntington for its banking services, this account was closed, with the balance transferred into the Village's operating account. All outstanding expenses were paid before the account was closed.

The Mayor's Court account was retroactively reconciled for 2021 and 2022 by Village Office finance personnel and has been included in the Village's financial statements with the transition to the Uniform Accounting Network (UAN) software.



OHIO AUDITOR OF STATE
KEITH FABER



**VILLAGE OF GLENDALE
HAMILTON COUNTY**

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OHIO AUDITOR OF STATE KEITH FABER

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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 Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Village of Glendale, Hamilton County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

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* section of our report, the accompanying financial statements 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, 2022 and 2021, or the changes in financial position or, where applicable, cash flows thereof for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

As described in Note 2 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(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Emphasis of Matter

As discussed in Note 12 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 Village's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2023, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio
November 16, 2023

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Village of Glendale, Ohio
Hamilton County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2022

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$1,990,236	\$30,209	\$0	\$2,020,445
Intergovernmental	345,030	329,784	150,000	824,814
Charges for Services	243,220	12,055	0	255,275
Fines, Licenses and Permits	65,520	23,013	0	88,533
Earnings on Investments	14,892	95	186,948	201,935
Miscellaneous	7,834	44,577	21,100	73,511
<i>Total Cash Receipts</i>	<u>2,666,732</u>	<u>439,733</u>	<u>358,048</u>	<u>3,464,513</u>
Cash Disbursements				
Current:				
Security of Persons and Property	1,287,341	65,236	51,105	1,403,682
Public Health Services	6,485	312	0	6,797
Leisure Time Activities	19,741	20,040	2,917	42,698
Community Environment	0	0	16,100	16,100
Basic Utility Services	450,538	32,000	0	482,538
Transportation	359,134	195,700	321,991	876,825
General Government	435,000	30,142	17,192	482,334
<i>Total Cash Disbursements</i>	<u>2,558,239</u>	<u>343,430</u>	<u>409,305</u>	<u>3,310,974</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>108,493</u>	<u>96,303</u>	<u>(51,257)</u>	<u>153,539</u>
Other Financing Receipts (Disbursements)				
Other Financing Sources	0	0	2,589	2,589
Other Financing Uses	0	0	(21,551)	(21,551)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>0</u>	<u>0</u>	<u>(18,962)</u>	<u>(18,962)</u>
<i>Net Change in Fund Cash Balances</i>	108,493	96,303	(70,219)	134,577
<i>Fund Cash Balances, January 1</i>	<u>1,270,251</u>	<u>920,033</u>	<u>8,699,008</u>	<u>10,889,292</u>
<i>Fund Cash Balances, December 31</i>	<u>\$1,378,744</u>	<u>\$1,016,336</u>	<u>\$8,628,789</u>	<u>\$11,023,869</u>

See accompanying notes to the basic financial statements

Village of Glendale, Ohio
Hamilton County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2022

	Proprietary Fund Types
	Enterprise
Operating Cash Receipts	
Charges for Services	\$1,451,679
Fines, Licenses and Permits	15,611
<i>Total Operating Cash Receipts</i>	<u>1,467,290</u>
Operating Cash Disbursements	
Personal Services	339,026
Employee Fringe Benefits	62,386
Contractual Services	339,884
Supplies and Materials	56,322
Other (Utility Distr. System)	99,018
<i>Total Operating Cash Disbursements</i>	<u>896,636</u>
<i>Operating Income (Loss)</i>	<u>570,654</u>
Non-Operating Receipts (Disbursements)	
Earnings on Investments (proprietary funds only)	3,167
Other Debt Proceeds	41,720
Capital Outlay	(136,765)
Principal Retirement	(574,897)
Interest and Other Fiscal Charges	(92,882)
Other Financing Sources	0
(Refunds, returned payments)	0
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(759,657)</u>
<i>Net Change in Fund Cash Balances</i>	(189,003)
<i>Fund Cash Balances, January 1</i>	<u>1,199,008</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$1,010,005</u></u>

See accompanying notes to the basic financial statements

Village of Glendale, Ohio
Hamilton County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Fiduciary Fund Type
For the Year Ended December 31, 2022

	Fiduciary Fund Type Custodial
	<u>Other Custodial</u>
Additions	
Fines, Licenses and Permits for Distribution	<u>\$94,436</u>
<i>Total Additions</i>	<u>94,436</u>
Deductions	
Distributions to Other Governments	22,540
Distributions to Other Funds (Primary Government)	70,439
Other Distributions	<u>1,571</u>
<i>Total Deductions</i>	<u>94,550</u>
<i>Net Change in Fund Balance</i>	<u>(114)</u>
<i>Fund Cash Balances, January 1</i>	<u>29,368</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$29,254</u></u>

See accompanying notes to the basic financial statements

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Village of Glendale, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 - Reporting Entity

The Village of Glendale (the Village), Hamilton County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, general governmental services, street maintenance and repair, park operations, police services and fire protection services. The Village appropriates general fund money to support a volunteer fire department.

Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations

The Village participates in the Public Entities Pool a public entity risk pool. Note 6 to the financial statements provides additional information for this entity. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and change 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.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The General Fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

Street Construction Maintenance and Repair - 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.

Village of Glendale, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2022

HCSWD Projects Glendale - The Hamilton County Storm Water District (HCSWD) Projects Glendale Fund account for and reports receipts and disbursements from awarded grants from HCSWD for designated projects in the Village.

Police Support and SRO Fund - The Police Support and SRO Fund accounts for and reports receipts and disbursements of a grant from a private foundation with the specific purpose of funding a school resource officer/police officer of the Village.

American Rescue Plan Act Fund - This fund, established August 30, 2021 by Ordinance 2021-34, was established with the specific purpose of allowing the receipt and disbursement of ARPA funds received by the Village.

Community Fund - The Community Fund accounts for and reports receipts and disbursements from donations to the Quiet Zone Project, with the specific purpose of funding design and construction of a quiet zone in the Village. The Community Fund also accounts for and reports receipts and disbursements for the yearly Glendale Car Show and other public civic events provided by the Village.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project funds:

Village Plan and General Improvement Fund - The Village Plan and General Improvement Fund accounts for and reports proceeds and donations to fund building improvements and equipment purchases.

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 - The Water Fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

Sewer Fund - The Sewer Fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

Fiduciary Funds Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria. Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial fund accounts for the Mayor's Court activity.

Village of Glendale, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2022

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to the other funds of the entity are identified on the combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds.

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 (C). 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 (C) permit.

Budgetary Process

The ORC requires that each fund be budgeted annually.

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. Unencumbered 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 ORC 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 again.

A summary of 2022 budgetary activity appears in Note 3.

Deposits and Investments

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

Village of Glendale, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2022

The Village values U.S. Treasury Notes, Certificates of Deposits and bonds at cost. Money market mutual funds are recorded at share values.

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.

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.

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:

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

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

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

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the General Fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute. Outstanding encumbrances at year end are assigned.

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.

Village of Glendale, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2022

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.

Note 3 - Budgetary Activity

Budgetary activity for the year ending December 31, 2022 follows:

2022 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,587,386	\$2,666,732	\$79,346
Special Revenue	372,346	439,733	67,387
Capital Projects	150,000	360,637	210,637
Enterprise	1,995,894	1,512,176	(483,718)
Total	<u>\$5,105,626</u>	<u>\$4,979,278</u>	<u>(\$126,348)</u>

2022 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,867,690	\$2,619,812	\$247,878
Special Revenue	915,845	413,694	502,151
Capital Projects	1,286,033	1,168,724	117,309
Enterprise	2,446,595	1,940,750	505,845
Total	<u>\$7,516,163</u>	<u>\$6,142,980</u>	<u>\$1,373,183</u>

Note 4 – Deposits and Investments

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

	2022
Depository Balances	<u>\$1,844,887</u>
Dreyfus Money Market	32,486
Commercial Paper	393,362
Certificates of Deposit	7,961,000
U.S. Treasury Notes	<u>1,831,393</u>
Total Investments	<u>10,218,241</u>
Total Deposits and Investments	<u>\$12,063,128</u>

Village of Glendale, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Deposits

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

Investments

The Federal Reserve holds the Village's U.S. Treasury Notes in book-entry form by, in the name of the Village's financial institution. The financial institution maintains records identifying the Village as owner of these securities.

Note 5 – 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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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 property located within the Village.

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

Note 6 - Risk Management

The Village is a member of the Public Entities Pool of Ohio (PEP). PEP assumes the risk of loss up to the limits of Glendale's policy. PEP covers the following risks: general liability, public official's liability, cyber, law enforcement liability, automobile liability, vehicles, property, and equipment breakdown. PEP reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31, 2022:

	2022
Cash and investments	\$42,310,794
Actuarial liabilities	15,724,479

Village of Glendale, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The ORC prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The ORC also prescribes contribution rates. OPERS members contributed 10 percent, of their gross salaries and the Village contributed an amount equaling 14 percent, of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

Ohio Police and Fire Retirement System

The Village's full-time Police Officers and certified full time Fire Chief belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The ORC prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The ORC also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages and 24 percent of full-time fire fighters' wages, respectively. The Village has paid all contributions required through December 31, 2022.

Social Security

The Glendale Volunteer Fire Department employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2022.

Note 8 - Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2022. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2022. OP&F contributes 0.5 percent to fund these benefits.

Village of Glendale, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 9 – Debt

Below the Village has the following outstanding balances from Ohio Water Development Authority (OWDA) and Ohio Public Works Commission (OPWC). All payments are semi-annual.

	<u>Principal</u>	<u>Interest Rate</u>
OWDA Loan #4644	\$2,184,049	2.75%
OWDA Loan #6546	194,302	3.74%
OWDA Loan #8381	125,575	3.09%
OWDA Loan #8896	2,013,244	1.37%
OWDA Loan #9222	63,960	0.00%
OPWC Loan CB11K	0	0.00%
OPWC Loan CB08L	109,124	0.00%
OPWC Loan CB28R	403,701	0.00%
Total	<u>\$5,093,955</u>	

The Village was awarded an OWDA Loan #4644 in 2009 in the amount of \$6,081,480, for wastewater treatment plant improvements. The loan bears an interest rate of 2.75 percent, with the final payment due July 2028.

The Village was awarded an OWDA Loan #6546 in 2013 in the amount of \$283,320 for wastewater treatment plant improvements. The loan bears an interest rate of 3.74 percent, with the final payment due July 2034.

The Village was awarded an OWDA Loan #8381 in the amount of \$150,843 for water distribution system improvements. The loan bears an interest rate of 3.09 percent, with the final payment due July 2050.

The Village was awarded an OWDA Loan #8896 in the amount of \$2,085,283 for the replacement of the Sharon Road water main and other water distribution system improvements. Included in this loan is the design of the project. The loan bears an interest rate of 1.37 percent, with the final payment due July 2042.

The Village was awarded an OWDA Loan #9222 in the amount of \$89,600 for the design of a collection system improvement. As of year end, \$72,920 had been distributed for the Village. The loan bears an interest rate of 0.00 percent, with the final payment due July 2024.

The Village was awarded an OPWC Loan #CB11K in 2007 in the amount of \$750,000 for water treatment plant improvements. The loan bears an interest rate of 0.00 percent and was finalized this year.

The Village was awarded an OPWC Loan #CB08L in the amount of \$727,496 for water treatment plant improvements. The loan bears an interest rate of 0.00 percent, with the final payment due July 2023.

Village of Glendale, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2022

The Village was awarded an OPWC Loan #CB28R in 2014 in the amount of \$576,717 for wastewater treatment plant improvements. The loan bears an interest rate of 0.00 percent, with the final payment due January 2036.

Amortization

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

Year Ending December 31:	OWDA Loans	OWDA Interest	OPWC Loans
2023	\$464,235	\$96,018	\$101,586
2024	475,470	84,783	65,210
2025	487,003	73,249	28,836
2026	491,124	61,409	28,836
2027	493,081	49,252	28,835
2028-2032	991,373	130,969	144,179
2033-2037	593,950	70,201	115,343
2038-2050	584,894	33,634	0
Total	<u>\$4,581,130</u>	<u>\$599,515</u>	<u>\$512,825</u>

Note 10 – Fund Balances

Included in fund balance are amounts the village cannot spend, including the balance of unclaimed monies which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for good or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the outstanding encumbrances were as follows:

General Fund	\$61,573
Special Revenue Funds	70,264
Capital Project Fund	737,868
Enterprise Funds	<u>239,570</u>
Total	<u>\$1,109,275</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of the capital projects fund is restricted committed or assigned. These restricted, committed and assigned amounts in the special revenue and capital projects funds would include the outstanding encumbrances. In the General Fund, outstanding encumbrances are considered assigned.

Village of Glendale, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 11 – Contingent Liabilities

On December 12, 2012, the Village signed a document captioned Director's Final Findings and Orders with the Ohio Department of Environmental Protection (OEPA) Order. The OEPA Order sought compliance with the Village's National Pollution Discharge Elimination System (NPDES) Permit. The Village is in the process of complying with the order and is awaiting final approval from the OEPA. The Village believes that any future actions to achieve compliance will not result in additional material liability to the Village.

Note 12 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. In addition, the impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

Village of Glendale, Ohio
Hamilton County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2021

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$1,919,036	\$33,284	\$0	\$1,952,320
Intergovernmental	335,456	441,041	0	776,497
Charges for Services	247,664	13,852	0	261,516
Fines, Licenses and Permits	47,059	30,475	0	77,534
Earnings on Investments	390	75	157,752	158,217
Miscellaneous	3,003	79,486	0	82,489
<i>Total Cash Receipts</i>	<u>2,552,608</u>	<u>598,213</u>	<u>157,752</u>	<u>3,308,573</u>
Cash Disbursements				
Current:				
Security of Persons and Property	1,330,507	129,883	97,320	1,557,710
Public Health Services	6,988	11,581	0	18,569
Leisure Time Activities	19,645	21,781	11,839	53,265
Basic Utility Services	436,298	0	0	436,298
Transportation	460,785	106,568	7,092	574,445
General Government	428,925	35,365	29,703	493,993
<i>Total Cash Disbursements</i>	<u>2,683,148</u>	<u>305,178</u>	<u>145,954</u>	<u>3,134,280</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(130,540)</u>	<u>293,035</u>	<u>11,798</u>	<u>174,293</u>
Other Financing Receipts (Disbursements)				
Transfers In	0	190	0	190
Other Financing Sources	14,895	0	11,061	25,956
Other Financing Uses	0	0	(26)	(26)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>14,895</u>	<u>190</u>	<u>11,035</u>	<u>26,120</u>
<i>Net Change in Fund Cash Balances</i>	<u>(115,645)</u>	<u>293,225</u>	<u>22,833</u>	<u>200,413</u>
<i>Fund Cash Balances, January 1</i>	<u>1,385,896</u>	<u>626,808</u>	<u>8,676,175</u>	<u>10,688,879</u>
<i>Fund Cash Balances, December 31</i>	<u>\$1,270,251</u>	<u>\$920,033</u>	<u>\$8,699,008</u>	<u>\$10,889,292</u>

See accompanying notes to the basic financial statements

Village of Glendale, Ohio
Hamilton County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2021

	Proprietary Fund Types
	Enterprise
Operating Cash Receipts	
Charges for Services	\$1,402,658
Fines, Licenses and Permits	15,796
<i>Total Operating Cash Receipts</i>	<u>1,418,454</u>
Operating Cash Disbursements	
Personal Services	336,548
Employee Fringe Benefits	65,127
Contractual Services	280,778
Supplies and Materials	49,556
Other (Utility Distr. System)	72,611
<i>Total Operating Cash Disbursements</i>	<u>804,620</u>
<i>Operating Income (Loss)</i>	<u>613,834</u>
Non-Operating Receipts (Disbursements)	
Earnings on Investments (proprietary funds only)	1,790
Other Debt Proceeds	833,633
Capital Outlay	(842,212)
Principal Retirement	(513,454)
Interest and Other Fiscal Charges	(88,565)
Other Financing Sources	24,097
(Refunds, returned payments)	(1,746)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(586,457)</u>
<i>Net Change in Fund Cash Balances</i>	27,377
<i>Fund Cash Balances, January 1</i>	<u>1,171,631</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$1,199,008</u></u>

See accompanying notes to the basic financial statements

Village of Glendale, Ohio
Hamilton County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Fiduciary Fund Type
For the Year Ended December 31, 2021

	Fiduciary Fund Type Custodial
	Other Custodial
Additions	
Fines, Licenses and Permits for Distribution	\$65,246
<i>Total Additions</i>	65,246
Deductions	
Distributions to Other Governments	13,952
Distributions to Other Funds (Primary Government)	46,820
Other Distributions	770
<i>Total Deductions</i>	61,542
<i>Net Change in Fund Balance</i>	3,704
<i>Fund Cash Balances, January 1</i>	25,664
<i>Fund Cash Balances, December 31</i>	\$29,368

See accompanying notes to the basic financial statements

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Village of Glendale, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 1 - Reporting Entity

The Village of Glendale (the Village), Hamilton County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, general governmental services, street maintenance and repair, park operations, police services and fire protection services. The Village appropriates general fund money to support a volunteer fire department.

Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations

The Village participates in the Public Entities Pool a public entity risk pool. Note 7 to the financial statements provides additional information for this entity. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and change 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.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

Street Construction Maintenance and Repair - 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.

Village of Glendale, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2021

HCSWD Projects Glendale - The Hamilton County Storm Water District (HCSWD) fund account for and reports receipts and disbursements from awarded grants from Hamilton County Storm Water District for designated projects in the Village.

Police Support and SRO Fund - The Police Support and SRO Fund accounts for and reports receipts and disbursements of a grant from a private foundation with the specific purpose of funding a school resource officer/police officer of the Village.

Coronavirus Relief Fund - The Coronavirus Relief Fund, established July 30, 2020 by Ordinance 2020-25, was established with the specific purpose of allowing the receipt and disbursement of CARES Act and Coronavirus Relief Fund payments pursuant to Ohio HB 481 and consistent with the requirements of Section 5001 of the CARES Act as described in 42 U.S.C. 601(d).

American Rescue Plan Act Fund – This fund, established August 30, 2021 by Ordinance 2021-34 was established with the specific purpose of allowing the receipt and disbursement of ARPA funds received by the Village of Glendale.

Community Fund - The Community fund accounts for and reports receipts and disbursements from donations to the Quiet Zone Project, with the specific purpose of funding design and construction of a quiet zone in the Village of Glendale. The Community Fund also accounts for and reports receipts and disbursements for the yearly Glendale Car Show and other public civic events provided by the Village.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project funds:

Village Plan and General Improvement Fund The Village Plan and General Improvement Fund accounts for and reports proceeds and donations to fund building improvements and equipment purchases.

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 The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

Sewer Fund The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

Village of Glendale, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Fiduciary Funds Fiduciary funds include private purpose trust funds, investment trust funds, and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria. Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial fund accounts for the Mayor's Court activity.

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to the other funds of the entity are identified on the combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds.

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 (C). 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 (C) permit.

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

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. Unencumbered 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 again.

A summary of 2021 budgetary activity appears in Note 3.

Village of Glendale, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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 U.S. Treasury Notes, Certificates of Deposits and bonds at cost. Money market mutual funds are recorded at share values.

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.

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.

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:

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

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

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

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute. Outstanding Encumbrances at year end are assigned.

Village of Glendale, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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.

Note 3 - Budgetary Activity

Budgetary activity for the year ending December 31, 2021 follows:

2021 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,499,316	\$2,567,504	\$68,188
Special Revenue	501,211	598,403	97,192
Capital Projects	321,000	168,787	(152,213)
Enterprise	2,493,847	2,277,974	(215,873)
Total	<u>\$5,815,374</u>	<u>\$5,612,668</u>	<u>(\$202,706)</u>

2021 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,920,781	\$2,756,131	\$164,650
Special Revenue	928,181	333,164	595,017
Capital Projects	609,970	568,120	41,850
Enterprise	2,719,922	2,281,730	438,192
Total	<u>\$7,178,354</u>	<u>\$5,939,145</u>	<u>\$1,239,709</u>

Village of Glendale, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 4 – 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:

	<u>2021</u>
Depository balances	\$4,651,712
Certificates of deposits	0
Other time deposits	<u>0</u>
Total deposits	<u>4,651,712</u>
Money market/cash balance	757,825
Commercial paper	0
Certificates of deposit	<u>6,708,131</u>
Total investments	<u>7,465,956</u>
Total deposits and investments	<u>\$12,117,668</u>

Deposits

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

Investments

The Federal Reserve holds the Village's U.S. Treasury Notes in book-entry form by, in the name of the Village's financial institution. The financial institution maintains records identifying the Village as owner of these securities.

Note 5 – 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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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 property located within the Village.

Village of Glendale, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2021

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

Note 6 - Risk Management

The Village is a member of the Public Entities Pool of Ohio (PEP). PEP assumes the risk of loss up to the limits of Glendale's policy. PEP covers the following risks: general liability, public official's liability, cyber, law enforcement liability, automobile liability, vehicles, property, and equipment breakdown. PEP reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31, 2021:

	2021
Cash and investments	\$41,996,850
Actuarial liabilities	14,974,099

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some employees belong to the Ohio Public Employees Retirement System (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. OPERS members contributed 10 percent, of their gross salaries and the Village contributed an amount equaling 14 percent, of participants' gross salaries. The Village has paid all contributions required through December 31, 2021.

Ohio Police and Fire Retirement System

The Village's full-time Police Officers and certified full time Fire Chief belong to the Police and Fire Pension Fund (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. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages and 24 percent of full-time fire fighters' wages, respectively. The Village has paid all contributions required through December 31, 2021.

Village of Glendale, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Social Security

The Glendale Volunteer Fire Department employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2021.

Note 8 - Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2021. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2021. OP&F contributes 0.5 percent to fund these benefits.

Note 9 – Debt

Below the Village has the following outstanding balances from Ohio Water Development Authority (OWDA) and Ohio Public Works Commission (OPWC). All payments are semi-annual.

	Principal	Interest Rate
OWDA Loan #4644	\$2,514,512	2.75%
OWDA Loan #6546	206,925	3.74%
OWDA Loan #8381	127,923	3.09%
OWDA Loan #8896	2,058,145	1.37%
OWDA Loan #9222	31,200	0.00%
OPWC Loan CB11K	75,000	0.00%
OPWC Loan CB08L	181,874	0.00%
OPWC Loan CB28R	432,537	0.00%
Total	<u>\$5,628,116</u>	

The Village was awarded an OWDA Loan #4644 in 2009 in the amount of \$6,081,480 for wastewater treatment plant improvements. The loan bears an interest rate of 2.75 percent, with the final semi-annual payment due July 2028.

The Village was awarded an OWDA Loan #6546 in 2013 in the amount of \$283,320 for wastewater treatment plant improvements. The loan bears an interest rate of 3.74 percent, with the final semi-annual payment due July 2034.

Village of Glendale, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2021

The Village was awarded an OWDA Loan #8381 in the amount of \$150,843 for water distribution system improvements. The loan bears an interest rate of 3.09 percent, with the final semi-annual payment due July 2050.

The Village was awarded an OWDA Loan #8896 in the amount of \$2,085,283 for the replacement of the Sharon Road water main and other water distribution system improvements. Included in this loan is the design of the project. The loan bears an interest rate of 1.37 percent, with the first payment due July 2022 and the final payment due July 2042.

The Village was awarded an OWDA Loan #9222 in the amount of \$89,600 for the design of a collection system improvement. As of year end, \$31,200 had been distributed for the Village. The loan bears an interest rate of 0.00 percent, with the first payment due July 2022 and the final payment due July 2024.

The Village was awarded an OPWC Loan #CB11K in 2007 in the amount of \$750,000 for water treatment plant improvements. The loan bears an interest rate of 0.0 percent, with the final semi-annual payment due January 2022.

The Village was awarded an OPWC Loan #CB08L in the amount of \$727,496 for water treatment plant improvements. The loan bears an interest rate of 0.0 percent, with the final semi-annual payment due July 2023.

The Village was awarded an OPWC Loan #CB28R in 2014 in the amount of \$576,717 for wastewater treatment plant improvements. The loan bears an interest rate of 0.0 percent, with the final semi-annual payment due January 2036.

Amortization

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

Year Ending December 31:	OWDA Loans	OWDA Interest	OPWC Loans
2022	\$399,295	\$88,614	\$176,586
2023	464,235	96,018	101,586
2024	461,870	84,783	65,210
2025	469,083	73,249	28,836
2026	480,924	61,409	28,835
2027-2031	1,359,791	159,805	144,179
2032-2036	604,358	80,040	144,179
2037-2050	699,149	44,111	0
Total	<u>4,938,705</u>	<u>\$688,029</u>	<u>\$689,411</u>

Village of Glendale, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2021

Note 10 – Contingent Liabilities

On December 12, 2012, the Village signed a document captioned Director's Final Findings and Orders with the Ohio Department of Environmental Protection (OEPA) Order. The OEPA Order sought compliance with the Village's National Pollution Discharge Elimination System (NPDES) Permit. The Village is in the process of complying with the order and is awaiting final approval from the OEPA. The Village believes that any future actions to achieve compliance will not result in additional material liability to the Village.

Note 11 – Fund Balances

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years and the unexpendable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

General Fund	\$72,983
Special Revenue Funds	27,986
Capital Project Fund	422,140
Enterprise Funds	31,133
Total	<u>\$554,242</u>

The fund balance of special revenue funds is either restricted or committed. The fund balance of the capital projects fund is restricted committed or assigned. These restricted, committed and assigned amounts in the special revenue and capital projects funds would include the outstanding encumbrances. In the General Fund, outstanding encumbrances are considered assigned.

Note 12 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. In addition, the impact on the Village's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

OHIO AUDITOR OF STATE KEITH FABER



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

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

To the Village Council:

We have audited, in accordance with the 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 (*Government Auditing Standards*), the financial statements of governmental, proprietary and fiduciary fund type of the Village of Glendale, Hamilton County, (the Village) as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements, and have issued our report thereon dated November 16, 2023, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code §117.38 and Ohio Admin. Code 117-2-03(C) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Village.

Report on 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) as a basis for designing 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 Village's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings as items 2022-001 and 2022-002, that we consider to be material weaknesses.

Report on Compliance and Other Matters

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

Village's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Village's responses to the findings identified in our audit and described in the accompanying schedule of findings. The Village's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of This Report

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



Keith Faber
Auditor of State
Columbus, Ohio
November 16, 2023

**VILLAGE OF GLENDALE
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2022 AND 2021**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2022-001

Material Weakness – Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Due to deficiencies in the Village's internal controls over financial reporting, the following conditions related to the Village's financial statements and accounting records were identified:

- The Village did not report the Mayor's Court cash fund balances, receipts and disbursements in the 2021 and 2022 financial statements. For 2021, the Mayor's Court Custodial Fund had Beginning Fund Balance of \$25,664, Fines, Licenses and Permits for Distribution additions of \$65,246, Distributions to Other Governments of \$13,952, Distributions to Other Funds (Primary Gov't) of \$46,820, Other Distributions of \$770, and Ending Fund Balance of \$29,368. For 2022, the Mayor's Court Custodial Fund had Beginning Fund Balance of \$29,368, Fines, Licenses and Permits for Distribution additions of \$94,436, Distributions to Other Governments of \$22,540, Distributions to Other Funds (Primary Gov't) of \$70,439, Other Distributions of \$1,571, and Ending Fund Balance of \$29,254.
- Beginning and ending fund balance in the Special Revenue Funds were each understated by \$116,501 in 2021 and 2022.
- Principal Retirement was overstated by \$88,565 and Interest and Other Fiscal Charges, Other Debt Proceeds, and Capital Outlay were understated by \$88,565, \$255,473, and \$255,473, respectively, in the Proprietary Funds in 2021.
- Budgetary Expenditures in the 2021 footnotes were understated by \$72,982, \$27,986, \$272,140, and \$28,234 in the General Fund, Special Revenue Funds, Capital Projects Funds, and Enterprise Funds, respectively, as a result of not including outstanding encumbrances.

The financial statements and accounting records have been adjusted for these errors, where applicable.

In addition to the adjustments listed above, we also identified additional immaterial misstatements ranging from \$4,145 to \$89,462 that we have brought to the Village's attention. The financial statements were not adjusted for these errors.

The Village did not have procedures in place for effective monitoring of the Village's financial activity, and the accuracy of accounting and financial reporting. It is important that the Village Council take an active role in monitoring the posting and reporting of such activity. Failure to accurately post and monitor financial activity increases the risk that errors, theft, and fraud could occur and not be detected in a timely manner.

FINDING NUMBER 2022-001
(Continued)

Due care should be exercised when posting entries to the financial records and financial statement preparation. The Village officials should review the Auditor of State Village Officer's Handbook and the chart of accounts to assure that items are being posted to the proper account codes and funds, and update control procedures for review of financial activity so that errors can be detected and corrected in a timely manner.

Officials' Response:

The Accountant, who began in November 2022, is assigned to report and maintain the required financial statement reporting for the Mayor's Court activity, as well as perform reconciliations of the Mayor's Court account. This was retroactively performed for 2021 and 2022 and currently taking place for 2023. This work is in addition to the existing oversight that takes place within the Mayor's Court as part of the Glendale Police Department chain of command.

Regarding fund balance, receipt and expenditure posting locations, the Village believed these to be accurate at the time of posting. We appreciate the detail and direction on post of these items and will apply this guidance to future postings.

The Village, through expansion of finance staffing in November 2022, believes it has taken significant steps to improve the accuracy, posting and monitoring of this financial activity beginning in 2023.

FINDING NUMBER 2022-002

Material Weakness – Budgetary Amounts Not Recorded in Accounting System

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Sound accounting practices require accurately posting estimated receipts and appropriations to the ledgers to provide information for budget versus actual comparison and to allow the Council to make informed decisions regarding budgetary matters.

The Appropriation resolution and subsequent amendments establish the legal spending authority of the Village and the appropriation ledger provides the process by which the Village controls spending, it is therefore necessary the amounts appropriated by the Council are precisely stated and accurately posted to the appropriation ledger.

The original certificate and amendments establish the amounts available for expenditures for the Village and the receipts ledger provides the process by which the Village controls what is available, it is therefore necessary the amounts estimated by the County Budget Commission are posted accurately to the receipts ledger.

The Village did not have procedures in place to accurately post authorized budgetary measures to the accounting system. The appropriations (and/or amendments thereof) approved by Council were not properly posted to the accounting system. Additionally, the approved Certificate of Estimated Resources (and/or amendments thereof) was not properly posted to the accounting system.

FINDING NUMBER 2022-002
(Continued)

At December 31, 2022, the budgeted amounts posted to the Village's accounting ledgers varied from the appropriations adopted by the Council as follows:

Funds	Per Appropriation Resolutions	Amount Posted to System	Variance
General Fund	\$2,867,690	\$2,842,691	\$24,999
Park Board Fund	25,000	15,000	10,000

At December 31, 2021, the budgeted amounts posted to the Village's accounting ledgers varied from the appropriations adopted by the Council as follows:

Funds	Per Appropriation Resolutions	Amount Posted to System	Variance
Coronavirus Fund	\$111,893	\$11,893	\$100,000
Street Fund	251,874	250,540	1,334
Fire Department CPT Fund	13,967	12,000	1,967
Community Fund	92,941	85,441	7,500

At December 31, 2021, the budgeted amounts posted to the Village's accounting ledgers varied from the Certificate of Estimated Resources certified by the County Budget Commission as follows.

Funds	Per Certificate of Estimated Resources	Amount Posted to System	Variance
Coronavirus Fund	\$100,000	\$0	\$100,000
Glendale Fire Gift Fund	5,000	0	5,000
Enforcement Education Fund	1,000	0	1,000
Fire Department CPT Fund	8,500	0	8,500
Police Pension Fund	30,180	31,103	(923)
Park Board Fund	11,000	15,000	(4,000)
Community Fund	30,700	26,200	4,500
Sharon Road Bridge Project Fund	150,000	0	150,000
VPGI Fund	171,000	0	171,000

In addition, the following conditions related to the footnotes to the financial statements were identified:

- Final Budgeted Disbursements for the Special Revenue Funds were understated by \$7,702 and \$104,300 for 2022 and 2021, respectively.
- Final Budgeted Disbursements for the Capital Projects Funds and Enterprise Funds were overstated by \$16,999 and \$201,754, respectively, for 2022.
- Final Budgeted Receipts for the Special Revenue Funds and Capital Projects Funds were understated by \$114,077 and \$321,000, respectively, for 2021.

FINDING NUMBER 2022-002
(Continued)

Failure to accurately post the appropriations and estimated resources to the ledgers could result in overspending and negative cash balances. In addition, this could lead to inaccurate reporting of the budgetary information in the financial statements.

To effectively control the budgetary cycle and to maintain accountability over receipts and expenditures, the Village should post to the ledgers, on a timely basis, estimated resources as certified by the budget commission and appropriations approved by the Council. The Village should then monitor budget versus actual reports to help ensure amended certificates of resources and appropriations have been properly posted to the ledgers.

Officials' Response:

All amendments to Estimated Resources and Appropriations were legally presented, discussed and approved by Council action at public Council meetings in 2021 and 2022, and were appropriately and accurately submitted to the Hamilton County Budget Commission, where they were approved. Additionally, no expenditure was made beyond legal appropriation limits.

Expansion of finance department staffing in November 2022 will allow the Village to ensure that all amendments to estimated resources and appropriations are correctly and completely updated on the Village's internal accounting software.



Village of Glendale, Ohio

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Glendale, Ohio 45246
(513) 771-7200

Donald A. Lofty, Mayor
David Lumsden, Village Administrator

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2022 AND 2021

Finding Number	Finding Summary	Status	Additional Information
2020-001	Financial Reporting	Not Corrected	Reissued as Finding 2022-001
2020-002	Cash Reconciliation Process Errors	Partially Corrected	Reissued in the Management Letter

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF GLENDALE

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 11/30/2023

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov

OHIO AUDITOR OF STATE KEITH FABER



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MANAGEMENT LETTER

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 defined in our Independent Auditor's Report of the Village of Glendale, Hamilton County, Ohio (the Village) as of and for the years ended December 31, 2022 and 2021, and the related notes to the financial statements and have issued our report thereon dated November 16, 2023.

Government Auditing Standards require us to communicate deficiencies in internal control, as well as, report on compliance with certain provisions of laws, regulations, contracts and grant agreements that could directly and materially affect the determination of financial statement amounts. We have issued the required report dated November 16, 2023, for the year ended December 31, 2022 and 2021.

We are also submitting the following comments for your consideration regarding the Village's compliance with applicable laws, regulations, grant agreements, contract provisions, and internal control. The comments reflect matters that do not require inclusion in the *Government Auditing Standards* report. Nevertheless, the comments represent matters for which we believe improvements in compliance or internal controls or operational efficiencies might be achieved. Due to the limited nature of our audit, we have not fully assessed the cost-benefit relationship of implementing the recommendations. The comments reflect our continuing desire to assist your Village but are only a result of audit procedures performed based on risk assessment procedures and not all deficiencies or weaknesses in controls may have been identified. If you have questions or concerns regarding the comments please contact your regional Auditor of State office.

Noncompliance Findings

1. Fiscal Integrity Act

Ohio Rev. Code § 733.27 requires Village Fiscal Officers attend annual training programs for new village fiscal officer and annual continuing education programs provided by the Auditor of State.

The Fiscal Officer, the Village Clerk, did not complete the required continuing education training for 2021 or 2022. Failure to receive regular training increases the likelihood of errors.

In order to maintain and/or enhance the working knowledge and prevent future occurrences of noncompliance, the Village Clerk should attend annual trainings and submit continuing education hours information to the Auditor of State's office.

**Noncompliance Findings
(Continued)**

2. Undistributed Funds

Ohio Rev. Code § 733.40 states that all moneys collected shall be paid by the mayor into the municipality on the first Monday of each month. At the first regular meeting of the legislative authority each month, the mayor shall submit a full statement of all money received, from whom and for what purposes received, and when paid into the treasury.

The Mayor's Court Custodial fund had an excess ending balance of \$22,607 in 2021 and \$21,969 in 2022 which is the cumulative effect of costs being collected and not properly remitted from prior years.

Failure to accurately distribute court receipts increases the risk that errors or irregularities could occur.

The Mayor's Court should investigate excess cash amounts from prior years to determine which jurisdiction the balance should be paid to and implement procedures to help ensure distributions are made accurately and timely.

3. Timely Deposits

Ohio Rev. Code § 9.38 provides in part, all public monies received shall be deposited with the treasurer of the public office or designated depository on the business day next following the day of receipt, if the total amount of such monies received exceeds \$1,000. If the total amount of public moneys so received does not exceed \$1,000, the person shall deposit the moneys on the business day next following the day of receipt, unless the public office adopts a policy permitting a different time period, not to exceed three business days next following the day of receipt, for making such deposits, and the person is able to safeguard the moneys until such time as the moneys are deposited. The policy shall include provisions and procedures to safeguard the public monies until they are deposited.

To date the Village has not approved a policy to extend the time between collection and deposit beyond one business day.

For 2022, one of seven (14%) Miscellaneous receipts tested and one of four (25%) Fines, Licenses, and Permits receipts tested, totaling \$1,000 and \$1,360, respectively, were not deposited with the Treasurer or designated depository for a period ranging from two to five business days after initial receipt of the monies. For 2021, one of eight (13%) Miscellaneous receipts tested and one of six (17%) Fines, Licenses, and Permits receipts tested, totaling \$7,390 and \$610, respectively, were not deposited with the Treasurer or designated depository for a period of six business days after initial receipt of the monies. Delays of this nature resulting from deficiencies in internal control procedures could cause receipts to be lost, misplaced, or stolen without being detected in a timely manner.

The Village should draft, approve, and implement policies and procedures to help ensure timely depositing of public monies in accordance with Ohio Rev. Code § 9.38.

4. Public Records Custodian

Ohio Rev. Code § 149.43(E)(2) states each public office shall distribute the public records policy to the employee who is the records custodian or records manager or employee who otherwise has custody of the records of that office, and that the public office require that employee to acknowledge receipt of the copy of the public records policy.

Noncompliance Findings (Continued)

The Administrator has been designated as the records custodian for the Village, but the Village did not obtain an acknowledgement from that office for receipt of the public records policy.

Failure to obtain an acknowledgement from the records custodian for receipt of the public records policy reduces the Village's ability to ensure public records are properly maintained and available for public inspection. The Village should obtain the acknowledgement from the Administrator.

Recommendation

Cash Reconciliation Process Errors

Sound accounting practices require that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

The reconciliation of cash (bank) balances to accounting system records (book) to the accounting system is the most basic and primary control process performed. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft and fraud to occur without timely detection.

The Fiscal Officer is responsible for reconciling the Village's book (fund) balance to the total bank balance on a monthly basis. The Mayor's Court Clerk is responsible for reconciling the Court's cashbook balance to the total bank balance on a monthly basis. The Council and/or other administrator are responsible for reviewing the reconciliations and related support.

Due to deficiencies in the Village's internal controls over cash reconciliations, the following conditions related to the Village's cash reconciliations were identified:

- The Village did not complete monthly bank reconciliations for the Payroll bank account for each month of 2021 and 2022.
- The Village did not prepare a bank reconciliation, list of reconciling items, or reconciliation of open items outstanding for the Mayor's Court for each month of 2021 and 2022.

Failure to reconcile monthly increases the possibility that the Village will not be able to identify, assemble, analyze, classify, and record its transactions correctly or to document compliance with finance related legal and contractual requirements. Further, the lack of accurate monthly reconciliations increases the risk of theft/fraud over the cash cycle and could lead to inaccurate reporting in the annual financial statements.

The Village should record all transactions and prepare monthly bank to book cash reconciliations, which include all bank accounts and all fund balances. Variances should be investigated, documented and corrected. In addition, the Council should review the monthly cash reconciliations including the related support (such as reconciling items) and document the reviews.

In 2023 the Village closed the Payroll bank account and, to implement segregation of duties over the Mayor's Court, assigned the responsibility for the monthly Mayor's Court bank reconciliation to the Accountant.

We intend this report for the information and use of the Council and management.

A handwritten signature in black ink, reading "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber
Auditor of State
Columbus, Ohio
November 16, 2023