

Village of Glenford, Ohio
Perry County
Notes to the Financial Statements
For the Year Ended December 31, 2016

AOS Regulatory Basis Footnotes

Note 1 - Reporting Entity

The Village of Glenford (the Village), Perry 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, park operations police services. The Village contracts with the Perry County Sheriff's department and the Somerset Police Department to provide security of persons and property.

The Village's management believes these financial statements included in this report represent all of the funds of the Village over which the Village has the ability to exercise direct operating control.

Note 2 - Summary of Significant Accounting Policies

A. BASIS OF ACCOUNTING

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

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

B. CASH

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.

C. FUND ACCOUNTING

The Village maintains its accounting records in accordance with the principles of "Fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity, which stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

Governmental Fund Types:

General Fund: The general operating fund of the Village. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

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

- Street Construction, Maintenance and Repair Fund—Receives gasoline, motor vehicle excise taxes, motor vehicle registration and 1 mil property tax for constructing, maintaining and repairing Village roads.
- State Highway Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing state highways within the Village.
- Parks – Donations and contribution for operation, maintenance and specific park projects.

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

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

D. BUDGETARY PROCESS

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

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

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E. FUND BALANCE

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

1. Non-spendable

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

2. Restricted

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

3. Committed

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

4. Assigned

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

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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.

F. PROPERTY, PLANT AND EQUIPMENT

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

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G. DEPOSITS - EQUITY IN POOLED CASH AND CASH EQUIVALENTS

The Village maintains a cash and investment pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. Deposits are insured by the Federal Deposit Insurance Corporation.

H. 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.

Note 3 - Compliance

The Village is compliant with the Auditor of State requirements.

Note 4 - Budgetary Activity

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$26,570	\$27,063	\$493
Special Revenue	11,215	10,855	(360)
Debt Service			0
Capital Projects			0
Enterprise	149,000	142,414	(6,586)
Internal Service			0
Permanent			0
Fiduciary			0
Total	\$186,785	\$180,332	(\$6,453)

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$23,927	\$20,230	\$3,696
Special Revenue	33,589	13,369	20,220
Debt Service			0
Capital Projects			0
Enterprise	167,284	145,785	21,499
Internal Service			0
Permanent			0
Fiduciary			0
Total	\$224,799	\$179,384	\$45,415

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Note 5 – 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:

	2016
Demand deposits	\$122,555
Certificates of deposit	
Other time deposits (savings and NOW accounts)	
Total deposits	122,555
U.S. Treasury Notes	
STAR Ohio	
Repurchase agreement	
Common stock (at cost, fair value was \$XXXX at December 31, 2016)	
Total investments	0
Total deposits and investments	\$122,555

Note 6 – Taxes

Property Taxes

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

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 7 – Interfund Balances - *Advances*- None to report

Note 8 - Risk Management

The Village belongs to the Ohio Municipal Joint Self-Insurance Pool, (the "Pool"), an unincorporated non-profit association available to municipal corporations and their instrumentalities. The Pool is a separate legal entity per Section 2744 of the Ohio Revised Code. The Pool provides property and casualty insurance for its members. The Pool pays judgments, settlements and other expenses resulting for covered claims that exceed the members' deductibles.

The Pool changed its fiscal year end to March 31, effective in 2011, in order to align its financial reporting and budgeting with the renewal terms of its excess reinsurance policies.

The Pool cedes portions of its gross contribution written to a reinsurer under excess reinsurance agreements in order to limit its losses. Treaty basis excess-of-loss contracts in force protect the Pool against losses over the retention level; at March 31, 2016, retention levels are \$100,000

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and \$175,000 for property and casualty coverages, respectively.

The Pool remains liable to the extent the reinsuring companies are unable to meet their contractual obligations under reinsurance agreements.

The Pool's financial statements (audited by other auditors) conform to generally accepted accounting principles, and reported the following assets, liabilities and retained surplus at March 31, 2016 (the latest information available):

Assets	1,091,589
Liabilities	<u>(882,203)</u>
Accumulated Surplus	209,386

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate of .011303 per of gross salaries.

Note 9 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

One employee belongs 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%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2016.

<i>Retirement Rates</i>	<i>Year</i>	<i>Member Rate</i>	<i>Employer Rate</i>
<i>OPERS – Local</i>	<i>2012-2016</i>	<i>10%</i>	<i>14%</i>

Social Security

The Village's Council Members & the Mayor contributed to social Security. This plan provides retirement benefits, including survivor and disability benefits to participants. They are paid per meeting so they are exempt from OPERS.

Members 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, 2016.

Note 10 - Postemployment Benefits

OPERS 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. OPERS contribute 2 percent of the employer contribution to fund these benefits.

Note 11 – Debt

Debt outstanding at December 31, 2016 is as follows:

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<u>Description:</u>	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority (6730)	\$32,374.54	0.00%
Ohio Public Works Commission Loans (CT867)	\$14,347.26	3.00%
Ohio Public Works Commission Loans (CR04Q)	\$870,000.	0.00%
Total	\$916,721.80	

The Village has arranged for a loan in the amount of \$330,883 from OWDA (6730). This loan is now finalized in the amount of \$33,204 and the loan carries a 0% interest rate. This loan is being used for the new waste water system. The loan will be repaid in semiannual installments of \$830.12 over 20 years. This loan is collateralized by utility receipts.

The Ohio Public Works Commission (CT867) loan relates to a project through the Ohio Small Government Capital Improvements Commission for a new water storage and distribution system to be connected to the Northern Perry County Water District. The OPWC has approved up to \$150,000 in loans to the Village for this project. The loan will be repaid in semiannual installments of \$4,927, including interest, over 20 years. The Village borrowed \$147,383.55. The loan is collateralized by utility revenue.

The Ohio Public Works Commission (CR04Q) loan relates to the construction of new sewer and treatment facility. The OPWC has approved a \$900,000 loan to the Village for this project and the loan carries a 0% interest rate. The loan will be repaid in semiannual installments of \$15,000 over 30 years. The loan is collateralized by utility revenue.

Amortization

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

Year ending December 31:	OPWC (CT867)	OWDA (6730)	OPWC (CR04Q)		
2017	\$9,853	1,660	30,000		
2018	4,927	1,660	30,000		
2019		1,660	30,000		
2020		1,660	30,000		
2021-2025		8,301	150,000		
2026-2030		8,301	150,000		
2031-2035		8,301	150,000		
2036-2040		830	150,000		
2041-2045			150,000		
Total	\$14,780	\$32,375	\$870,000	\$0	\$0

Note 12 – Construction and Contractual Commitments - None to report

Note 13 – Contingent Liabilities - None to report

Note 14 – Joint Ventures / Note 15 – Jointly Governed Organizations / Note 16 – Public Entity Risk Pool / Note 17 – Related Organizations
Joint Ventures, Jointly Governed Organizations, Public Entity Risk Pools and Related Organizations

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The Pool cedes portions of its gross contribution written to a reinsurer under excess reinsurance agreements in order to limit its losses. Treaty basis excess-of-loss contracts in force protect the Pool against losses over the retention level; at March 31, 2016, retention levels are \$100,000 and \$175,000 for property and casualty coverages, respectively.

The Pool remains liable to the extent the reinsuring companies are unable to meet their contractual obligations under reinsurance agreements.

The Pool's financial statements (audited by other auditors) conform to generally accepted accounting principles, and reported the following assets, liabilities and retained surplus at March 31, 2016 (the latest information available):

Note 18 – Related Party Transactions - None

Note 19 – Subsequent Events- None