

VILLAGE OF CLEVES
HAMILTON COUNTY, OHIO

**FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2019 AND 2018**

OHIO AUDITOR OF STATE
KEITH FABER



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Members of Council
Village of Cleves
101 North Miami Avenue
Cleves, Ohio 45002

We have reviewed the *Independent Auditor's Report* of the Village of Cleves, Hamilton County, prepared by Bastin & Company, LLC, for the audit period January 1, 2018 through December 31, 2019. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Keith Faber
Auditor of State
Columbus, Ohio

July 31, 2020

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VILLAGE OF CLEVES, OHIO
HAMILTON COUNTY

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Bastin & Company, LLC

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Village of Cleves
Hamilton County
101 North Miami Avenue
Cleves, Ohio 45002

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Cleves, Hamilton County, Ohio (the Village), as of and for the years ended December 31, 2019 and 2018.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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

As described in Note 2 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2019 and 2018, and the respective changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Village of Cleves, Hamilton County as of December 31, 2019 and 2018, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 11 to the 2019 financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2020, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Cincinnati, Ohio
June 26, 2020

Village of Cleves, 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, 2019

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$ 623,834	\$ 264,228	\$ -	\$ 888,062
Intergovernmental	110,388	204,447	-	314,835
Charges for Services	84,483	26,570	-	111,053
Fines, Licenses and Permits	95,673	10,507	-	106,180
Earnings on Investments	2,738	-	-	2,738
Miscellaneous	19,221	29,955	-	49,176
<i>Total Cash Receipts</i>	<u>936,337</u>	<u>535,707</u>	<u>-</u>	<u>1,472,044</u>
Cash Disbursements				
Current:				
Security of Persons and Property	534,442	214,866	-	749,308
Public Health Services	2,885	-	-	2,885
Leisure Time Activities	-	25,571	-	25,571
Community Environment	28,612	-	-	28,612
Transportation	38,307	181,303	-	219,610
General Government	268,563	-	-	268,563
Capital Outlay	62,620	82,037	5,400	150,057
Debt Service:				
Principal Retirement	54,622	4,101	-	58,723
Interest and Fiscal Charges	2,091	284	-	2,375
<i>Total Cash Disbursements</i>	<u>992,142</u>	<u>508,162</u>	<u>5,400</u>	<u>1,505,704</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(55,805)	27,545	(5,400)	(33,660)
Other Financing Receipts (Disbursements)				
Loans Issued	53,013	-	-	53,013
Sale of Capital Assets	999	13,600	-	14,599
Transfers In	-	43,156	-	43,156
Transfers Out	(43,156)	-	-	(43,156)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>10,856</u>	<u>56,756</u>	<u>-</u>	<u>67,612</u>
<i>Net Change in Fund Cash Balances</i>	(44,949)	84,301	(5,400)	33,952
<i>Fund Cash Balances, January 1</i>	<u>270,942</u>	<u>104,138</u>	<u>122,122</u>	<u>497,202</u>
Fund Cash Balances, December 31				
Restricted	-	188,439	116,722	305,161
Assigned	225,993	-	-	225,993
<i>Fund Cash Balances, December 31</i>	<u>\$ 225,993</u>	<u>\$ 188,439</u>	<u>\$ 116,722</u>	<u>\$ 531,154</u>

See accompanying notes to the basic financial statements

Village of Cleves, Ohio
Hamilton County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Proprietary and Fiduciary Fund Types
For the Year Ended December 31, 2019

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts			
Charges for Services	\$ 1,653,537	\$ 1,060,478	\$ 2,714,015
Fines, Licenses and Permits	4,253	-	4,253
<i>Total Operating Cash Receipts</i>	<u>1,657,790</u>	<u>1,060,478</u>	<u>2,718,268</u>
Operating Cash Disbursements			
Personal Services	305,034	-	305,034
Employee Fringe Benefits	107,038	-	107,038
Contractual Services	254,486	901,874	1,156,360
Supplies and Materials	352,987	-	352,987
Other	-	98,463	98,463
<i>Total Operating Cash Disbursements</i>	<u>1,019,545</u>	<u>1,000,337</u>	<u>2,019,882</u>
<i>Operating Income (Loss)</i>	<u>638,245</u>	<u>60,141</u>	<u>698,386</u>
Non-Operating Receipts (Disbursements)			
Capital Outlay	(297,799)	-	(297,799)
Principal Retirement	(226,656)	-	(226,656)
Interest and Other Fiscal Charges	(113,203)	-	(113,203)
Miscellaneous Receipts	2,366	-	2,366
Other Financing Sources	-	59,388	59,388
Other Financing Uses	-	(59,373)	(59,373)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(635,292)</u>	<u>15</u>	<u>(635,277)</u>
<i>Income (Loss) before Transfers</i>	2,953	60,156	63,109
Transfers-In	5,000	-	5,000
Transfers-Out	(5,000)	-	(5,000)
<i>Net Change in Fund Cash Balances</i>	2,953	60,156	63,109
<i>Fund Cash Balances, January 1</i>	<u>810,482</u>	<u>117,883</u>	<u>928,365</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 813,435</u>	<u>\$ 178,039</u>	<u>\$ 991,474</u>

See accompanying notes to the basic financial statements

Village of Cleves, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 – Reporting Entity

The Village of Cleves (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, street maintenance, park operations, and police services. The Village contracts with Miami Township for fire protection services.

Public Entity Risk Pool

The Village participates in 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 changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

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.

Police Levy Fund The Police Levy Fund receives property tax money to fund the police department.

Village of Cleves, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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 Fund:

Miami Avenue Improvements This fund used proceeds from a Hamilton County grant for improvements on Miami Avenue.

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.

Trash Collection Fund - This fund receives charges for services from residents to cover garbage and trash collection service costs.

Fiduciary Funds Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

Agency 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 had the following significant Agency funds:

Metropolitan Sewer District Agency Fund - This fund receives charges for services from residents on behalf of the Metropolitan Sewer District of Greater Cincinnati (MSD) to cover the cost of providing sewer service by MSD. The Village remits 93 percent of amounts billed to customers to MSD and retains seven percent as an administrative fee for the billing and collection process.

Mayor's Court Fund - This fund receives fines and forfeitures collected by Mayor's Court which are distributed to the Village and State.

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 Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

Village of Cleves, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) 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 reappropriated.

A summary of 2019 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.

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.

Village of Cleves, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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.

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, 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 865,345	\$ 990,349	\$ 125,004
Special Revenue	464,500	592,463	127,963
Enterprise	1,460,900	1,665,156	204,256
Fiduciary	1,030,000	1,060,478	30,478
Total	\$ 3,820,745	\$ 4,308,446	\$ 487,701

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,079,585	\$ 1,035,658	\$ 43,927
Special Revenue	514,849	508,863	5,986
Capital Projects	122,122	5,400	116,722
Enterprise	1,814,002	1,666,377	147,625
Fiduciary	1,030,000	1,000,337	29,663
Total	\$ 4,560,558	\$ 4,216,635	\$ 343,923

Village of Cleves, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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, 2019 was as follows:

Demand deposits	\$1,261,030
Money Market	<u>261,598</u>
Total deposits	<u>\$1,522,628</u>

Deposits

Deposits are insured by the Federal Depository Insurance Corporation, or 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.

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 exposed to various risks of property and casualty losses, and injuries to employees.

The Village insures against injuries to employees through the Ohio Bureau of Worker’s Compensation.

Risk Pool Membership

The Village is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the Village’s policy. The Pool covers the following risks:

- General liability and casualty
- Public official’s liability
- Cyber
- Law enforcement liability

Village of Cleves, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2019

- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31, 2018 (latest data available):

Cash and investments	\$38,432,610
Actuarial liabilities	\$14,705,917

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some Village’s 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, 2019.

Ohio Police and Fire Retirement System

The Village’s full-time Police Officers belong to the Ohio 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% of their wages in 2019. The Village contributed to OP&F an amount equal to 19.5% of full-time police members’ wages. The Village has paid all contributions required through December 31, 2019.

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 2019. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2019. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Village of Cleves, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 9 – Debt

Debt outstanding at December 31, 2019 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Water Main Acquisition GO Bonds, Series 2012	\$ 19,700	2.62%
Building Acquisition GO Bonds, Series 2013	45,400	2.80%
Equipment Acquisition GO Bonds, Series 2014	8,534	2.67%
OPWC GMRC Water Main Replacement Loan #CB210	225,000	0.00%
OPWC River Road and Miami Ave Water Main Loan #CB270	119,814	0.00%
OPWC Harrison Ave Improvements Loan #CB34R	189,783	0.00%
OPWC Laurelwood Drive Rehabilitation Loan #CB45R	85,914	0.00%
OPWC Spring St Improvements Loan #CB02T	125,526	0.00%
OWDA Loan Water Plant #3303	399,068	6.41%
OWDA Loan Elizabethtown Water Main Loan #6227	717,961	2.00%
OWDA Loan Elizabethtown Water Main Phase II Loan #6472	316,459	2.00%
OWDA Valve Replacement Loan #6621	325,750	3.62%
OWDA Loan Elizabethtown Water Main Phase III Loan #6769	910,057	2.00%
OWDA Cleves-SR 128 & Harrison Ave Waterline Loan #6877	288,505	2.78%
OWDA Jackson/Hooven/E State/St Anne's Water Main Loan #7028	683,835	1.57%
OWDA Shawnee & Lower River Rd Water Main Loan #7764	261,040	2.90%
OWDA Cleves Coleberry Ct & Laurelwood Waterline Loan #7864	188,149	2.75%
Police Department Radio Equipment Capital Lease	23,068	5.50%
Police Cruiser Loan	53,013	3.48%
Total	<u>\$ 4,986,576</u>	

The Water Main Acquisition General Obligations Bonds, Series 2012, were issued for the purpose of financing the acquisition and construction of a water main replacement for the Village. The bonds were issued in a total amount of \$60,000, at an annual interest rate of 2.62%, and are being repaid semiannually over 10 years with the final payment due in October 2022.

The Building Acquisition General Obligation Bonds, Series 2013, were issued for the purpose of financing the acquisition of a building to be used for the water works department. The bonds were issued in a total amount of \$100,200, at an annual interest rate of 2.80%, and are being repaid semiannually over 10 years with the final payment due in October 2023.

The Equipment Acquisition General Obligation Bonds, Series 2014, were issued for the purpose of financing the purchase of a Bobcat Loader. The bonds were issued in a total amount of \$28,000, at an annual interest rate of 2.67%, and are being repaid semiannually with the final payment due in April 2021.

The Ohio Public Works Commission (OPWC) Great Miami River Crossing Water Main Replacement Loan #CB210 was issued for the purpose of constructing a water main. The loan amount is \$300,000, at an interest rate of 0.00%, and is being repaid semiannually with the final payment due in January 2042.

The OPWC River Road and Miami Avenue Water Main Replacement Loan #CB270 was issued for the purpose of constructing a water main. The loan amount is \$156,278, at an interest rate of 0.00%, and is being repaid semiannually with the final payment due in July 2042.

Village of Cleves, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2019

The OPWC Harrison Avenue Improvements Loan #CB34R was issued for street improvements on Harrison Avenue. The loan amount is \$230,040, at an interest rate of 0.00%, and is being repaid semiannually with the final payment due in January 2036.

The OPWC Laurelwood Drive Rehabilitation Loan #CB45R was issued for street improvements on Laurelwood Drive. The loan amount is \$95,460, at an interest rate of 0.00%, and is being repaid semiannually with the final payment due in July 2046.

The OPWC Spring Street Improvements Loan #CB02T is for improvements on Spring Street. The loan amount is \$129,855, at an interest rate of 0.00%, and is being repaid semiannually with the final payment due in July 2048.

The Ohio Water Development Authority (OWDA) Loan #3303 was issued for the construction of a water plant. The loan amount is \$941,229, at an interest rate of 6.41%, and is being repaid semiannually with the final payment due in January 2026.

The OWDA Elizabethtown Water Main Loan #6227 was issued for the construction of a water main. The loan amount is \$836,610, at an interest rate of 2.00%, and is being repaid semiannually with the final payment due in January 2044.

The OWDA Elizabethtown Water Main Phase II Loan #6472 was issued for the continued construction of a water main. The loan amount is \$362,954, at an interest rate of 2.00%, and is being repaid semiannually with the final payment due in July 2044.

The OWDA Elizabethtown Water Main Phase III Loan #6769 was issued for the continued construction of a water main. The loan amount is \$1,125,804, at an interest rate of 2.00%, and is being repaid semiannually with the final payment due in January 2035.

The OWDA Valve Replacement Loan #6621 was issued for the purpose of a water works valve replacement project. The loan amount is \$362,590, at an interest rate of 3.62%, and is being repaid semiannually with the final payment due in July 2044.

The OWDA Cleves-SR 128 & Harrison Avenue Waterline Loan #6877 was issued for the purpose of a waterline replacement. The loan amount of \$316,418, at an interest rate of 2.78%, and is being repaid semiannually with the final payment due in July 2035.

The OWDA Jackson/Hooven/E. State/St. Anne's Water Main Loan #7028 was issued for the purpose of replacing and installing water mains in several areas. The loan amount is \$767,128, at an interest rate of 1.57%, and is being repaid semiannually with the final payment due in January 2037.

The OWDA Shawnee & Lower River Rd. Water Main Relocation Loan #7764 is for the relocation of a water main. The project is still in progress, and the loan repayment schedule will not be finalized until the project is complete and final project costs are known. As of December 31, 2019, \$270,694 of the OWDA approved loan amount of \$300,100 has been disbursed. A principal payment of \$3,172 was made towards this obligation in 2018, and a principal payment of \$6,482 was made towards this obligation in 2019, leaving a remaining balance outstanding of \$261,040.

The OWDA Cleves Coleberry Ct. & Laurelwood Waterline Loan #7864 is for a waterline replacement. The project is still in progress, and the loan repayment schedule will not be finalized until the project is

Village of Cleves, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2019

complete and final project costs are known. As of December 31, 2019, \$190,576 of the OWDA approved loan amount of \$221,027 has been disbursed. A principal payment of \$2,427 was made towards this obligation in 2019, leaving a remaining balance outstanding of \$188,149.

The police cruiser loan relates to the purchase of a new police vehicle in September 2019. The Village financed a total of \$53,013, at an interest rate of 3.48%, with the first annual payment due in September 2020 and the final annual payment due in September 2024. Annual payments are \$11,739.

Leases

During 2018, the Village entered into a capital lease purchase agreement with KS State Bank in the amount of \$33,889. The capital lease is for radio equipment for the police department. The Village is making monthly payments of \$647, including interest at 5.50%, with the final payment due March 1, 2023.

Excluding amounts related to the OWDA Shawnee & Lower River Road Water Main Relocation Loan #7764 and the OWDA Cleves Coleberry Ct. & Laurelwood Waterline Loan #7864, which have not been finalized, amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	Water Main Acq GO Bonds, Series 2012	Building Acq GO Bonds, Series 2013	Equipmt Acq GO Bonds, Series 2014	OPWC Loan #CB210	OPWC Loan #CB270	OPWC Loan #CB34R	OPWC Loan #CB45R	OPWC Loan #CB02T	OWDA Loan #3303
2020	\$ 6,875	\$ 12,096	\$ 4,383	10,000	\$ 5,209	\$ 11,502	\$ 3,182	\$ 4,328	\$ 76,036
2021	6,906	12,089	4,381	10,000	5,209	11,502	3,182	4,329	76,035
2022	6,832	12,073	-	10,000	5,209	11,502	3,182	4,328	76,036
2023	-	12,049	-	10,000	5,209	11,502	3,182	4,329	76,035
2024	-	-	-	10,000	5,210	11,502	3,182	4,328	76,036
2025-2029	-	-	-	50,000	26,046	57,510	15,910	21,642	114,054
2030-2034	-	-	-	50,000	26,047	57,510	15,910	21,643	-
2035-2039	-	-	-	50,000	26,046	17,253	15,910	21,642	-
2040-2044	-	-	-	25,000	15,629	-	15,910	21,643	-
2045-2048	-	-	-	-	-	-	6,364	17,314	-
Total	<u>\$ 20,613</u>	<u>\$ 48,307</u>	<u>\$ 8,764</u>	<u>\$ 225,000</u>	<u>\$ 119,814</u>	<u>\$ 189,783</u>	<u>\$ 85,914</u>	<u>\$ 125,526</u>	<u>\$ 494,232</u>

Year ending December 31:	OWDA Loan #6227	OWDA Loan #6472	OWDA Loan #6621	OWDA Loan #6769	OWDA Loan #6877	OWDA Loan #7028	Radio Equip Capital Lease	Police Cruiser Loan	Totals
2020	\$ 37,170	\$ 16,147	\$ 19,913	\$ 68,574	\$ 22,456	\$ 44,842	\$ 7,766	\$ 11,739	\$ 362,218
2021	37,169	16,148	19,914	68,574	22,456	44,842	7,766	11,739	362,241
2022	37,170	16,147	19,913	68,574	22,456	44,842	7,766	11,739	357,769
2023	37,169	16,148	19,914	68,574	22,456	44,842	1,941	11,739	345,089
2024	37,170	16,147	19,913	68,574	22,457	44,842	-	11,739	331,100
2025-2029	185,847	80,737	99,567	342,871	112,281	224,210	-	-	1,330,675
2030-2034	185,848	80,737	99,567	342,870	112,281	224,211	-	-	1,216,624
2035-2039	185,847	80,737	99,567	34,287	22,457	112,105	-	-	665,851
2040-2044	167,263	80,737	99,567	-	-	-	-	-	425,749
2045-2048	-	-	-	-	-	-	-	-	23,678
Total	<u>\$ 910,653</u>	<u>\$ 403,685</u>	<u>\$ 497,835</u>	<u>\$ 1,062,898</u>	<u>\$ 359,300</u>	<u>\$ 784,736</u>	<u>\$ 25,239</u>	<u>\$ 58,695</u>	<u>\$ 5,420,994</u>

Village of Cleves, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 10 – Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 11 – Subsequent Events

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

Village of Cleves, 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, 2018

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$ 629,649	\$ 242,300	\$ -	\$ 871,949
Intergovernmental	150,303	183,633	43,323	377,259
Charges for Services	72,114	10,961	-	83,075
Fines, Licenses and Permits	100,536	37,296	-	137,832
Earnings on Investments	1,076	-	-	1,076
Miscellaneous	4,356	23,971	-	28,327
<i>Total Cash Receipts</i>	<u>958,034</u>	<u>498,161</u>	<u>43,323</u>	<u>1,499,518</u>
Cash Disbursements				
Current:				
Security of Persons and Property	432,247	234,941	-	667,188
Public Health Services	4,087	-	-	4,087
Leisure Time Activities	7,917	38,113	-	46,030
Community Environment	17,473	-	-	17,473
Basic Utility Service	794	-	-	794
Transportation	82,324	173,778	-	256,102
General Government	264,967	112	-	265,079
Capital Outlay	37,194	2,050	142,568	181,812
Debt Service:				
Principal Retirement	70,397	22,294	-	92,691
Interest and Fiscal Charges	3,251	885	-	4,136
<i>Total Cash Disbursements</i>	<u>920,651</u>	<u>472,173</u>	<u>142,568</u>	<u>1,535,392</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	37,383	25,988	(99,245)	(35,874)
Other Financing Receipts (Disbursements)				
Proceeds from capital lease	33,889	-	-	33,889
Loans Issued	-	-	82,855	82,855
Transfers In	-	33,500	-	33,500
Transfers Out	(33,500)	-	-	(33,500)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>389</u>	<u>33,500</u>	<u>82,855</u>	<u>116,744</u>
<i>Net Change in Fund Cash Balances</i>	37,772	59,488	(16,390)	80,870
<i>Fund Cash Balances, January 1</i>	<u>233,170</u>	<u>44,650</u>	<u>138,512</u>	<u>416,332</u>
Fund Cash Balances, December 31				
Restricted	-	104,138	122,122	226,260
Assigned	63,940	-	-	63,940
Unassigned (Deficit)	207,002	-	-	207,002
<i>Fund Cash Balances, December 31</i>	<u>\$ 270,942</u>	<u>\$ 104,138</u>	<u>\$ 122,122</u>	<u>\$ 497,202</u>

See accompanying notes to the basic financial statements

Village of Cleves, Ohio
Hamilton County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Proprietary and Fiduciary Fund Types
For the Year Ended December 31, 2018

	Proprietary Fund Types	Fiduciary Fund Types	Totals (Memorandum Only)
	Enterprise	Agency	
Operating Cash Receipts			
Charges for Services	\$ 1,358,789	\$ 1,095,578	\$ 2,454,367
Fines, Licenses and Permits	3,205	-	3,205
<i>Total Operating Cash Receipts</i>	<u>1,361,994</u>	<u>1,095,578</u>	<u>2,457,572</u>
Operating Cash Disbursements			
Personal Services	312,932	-	312,932
Employee Fringe Benefits	110,579	-	110,579
Contractual Services	275,181	1,186,388	1,461,569
Supplies and Materials	377,115	-	377,115
<i>Total Operating Cash Disbursements</i>	<u>1,075,807</u>	<u>1,186,388</u>	<u>2,262,195</u>
<i>Operating Income (Loss)</i>	<u>286,187</u>	<u>(90,810)</u>	<u>195,377</u>
Non-Operating Receipts (Disbursements)			
Intergovernmental	295,000	-	295,000
Loans Issued	271,824	-	271,824
Capital Outlay	(273,774)	-	(273,774)
Principal Retirement	(214,778)	-	(214,778)
Interest and Other Fiscal Charges	(112,106)	-	(112,106)
Miscellaneous Receipts	12,141	-	12,141
Other Financing Sources	-	62,827	62,827
Other Financing Uses	-	(65,761)	(65,761)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(21,693)</u>	<u>(2,934)</u>	<u>(24,627)</u>
<i>Net Change in Fund Cash Balances</i>	264,494	(93,744)	170,750
<i>Fund Cash Balances, January 1</i>	<u>545,988</u>	<u>211,627</u>	<u>757,615</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 810,482</u>	<u>\$ 117,883</u>	<u>\$ 928,365</u>

See accompanying notes to the basic financial statements

Village of Cleves, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 1 – Reporting Entity

The Village of Cleves (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, street maintenance, park operations, and police services. The Village contracts with Miami Township for fire protection services.

Public Entity Risk Pool

The Village participates in 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 changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

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.

Police Levy Fund The Police Levy Fund receives property tax money to fund the police department.

Village of Cleves, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2018

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 Fund:

Spring Street Improvement Fund This fund used proceeds from an OPWC loan and OPWC grants for improvements on Spring Street.

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.

Trash Collection Fund - This fund receives charges for services from residents to cover garbage and trash collection service costs.

Fiduciary Funds Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

Agency 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 had the following significant Agency funds:

Metropolitan Sewer District Agency Fund - This fund receives charges for services from residents on behalf of the Metropolitan Sewer District of Greater Cincinnati (MSD) to cover the cost of providing sewer service by MSD. The Village remits 93 percent of amounts billed to customers to MSD and retains seven percent as an administrative fee for the billing and collection process.

Mayor's Court Fund - This fund receives fines and forfeitures collected by Mayor's Court which are distributed to the Village and State.

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 Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

Village of Cleves, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) 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 reappropriated.

A summary of 2018 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.

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.

Village of Cleves, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2018

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.

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, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 971,247	\$ 991,923	\$ 20,676
Special Revenue	520,511	531,661	11,150
Capital Projects	126,178	126,178	-
Enterprise	1,851,589	1,940,959	89,370
Fiduciary	1,030,000	1,095,578	65,578
Total	<u>\$ 4,499,525</u>	<u>\$ 4,686,299</u>	<u>\$ 186,774</u>

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,025,191	\$ 954,151	\$ 71,040
Special Revenue	543,056	472,173	70,883
Capital Projects	264,690	142,568	122,122
Enterprise	2,052,068	1,676,465	375,603
Fiduciary	1,211,193	1,186,388	24,805
Total	<u>\$ 5,096,198</u>	<u>\$ 4,431,745</u>	<u>\$ 664,453</u>

Village of Cleves, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2018

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, 2018 was as follows:

Demand deposits	\$1,166,680
Money Market	<u>258,887</u>
Total deposits	<u>\$1,425,567</u>

Deposits

Deposits are insured by the Federal Depository Insurance Corporation, or 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.

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 exposed to various risks of property and casualty losses, and injuries to employees.

The Village insures against injuries to employees through the Ohio Bureau of Worker’s Compensation.

Risk Pool Membership

The Village is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the Village’s policy. The Pool covers the following risks:

- General liability and casualty
- Public official’s liability
- Cyber
- Law enforcement liability

Village of Cleves, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2018

- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31, 2018:

Cash and investments	\$38,432,610
Actuarial liabilities	\$14,705,917

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some Village’s 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, 2018.

Ohio Police and Fire Retirement System

The Village’s full-time Police Officers belong to the Ohio 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% of their wages in 2018. The Village contributed to OP&F an amount equal to 19.5% of full-time police members’ wages. The Village has paid all contributions required through December 31, 2018.

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 2018. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2018. OP&F contributes 0.5 percent to fund these benefits

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

Village of Cleves, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 9 – Debt

Debt outstanding at December 31, 2018 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Water Main Acquisition GO Bonds, Series 2012	\$ 25,900	2.62%
Building Acquisition GO Bonds, Series 2013	56,000	2.80%
Equipment Acquisition GO Bonds, Series 2014	12,635	2.67%
Police Vehicle Loans (2)	29,299	2.49%
OPWC GMRC Water Main Replacement Loan #CB210	235,000	0.00%
OPWC River Road and Miami Ave Water Main Loan #CB270	125,023	0.00%
OPWC Harrison Ave Improvements Loan #CB34R	201,285	0.00%
OPWC Laurelwood Drive Rehabilitation Loan #CB45R	89,096	0.00%
OPWC Spring St Improvements Loan #CB02T	129,855	0.00%
OWDA Loan Water Plant #3303	447,197	6.41%
OWDA Loan Elizabethtown Water Main Loan #6227	740,506	2.00%
OWDA Loan Elizabethtown Water Main Phase II Loan #6472	326,132	2.00%
OWDA Valve Replacement Loan #6621	333,656	3.62%
OWDA Loan Elizabethtown Water Main Phase III Loan #6769	959,684	2.00%
OWDA Cleves-SR 128 & Harrison Ave Waterline Loan #6877	302,654	2.78%
OWDA Jackson/Hooven/E State/St Anne's Water Main Loan #7028	717,544	1.57%
OWDA Shawnee & Lower River Rd Water Main Loan #7764	267,522	2.90%
OWDA Cleves Coleberry Ct & Laurelwood Waterline Loan #7864	190,576	2.75%
Police Department Radio Equipment Capital Lease	29,378	5.50%
Total	<u>\$ 5,218,942</u>	

The Water Main Acquisition General Obligations Bonds, Series 2012, were issued for the purpose of financing the acquisition and construction of a water main replacement for the Village. The bonds were issued in a total amount of \$60,000, at an annual interest rate of 2.62%, and are being repaid semiannually over 10 years with the final payment due in October 2022.

The Building Acquisition General Obligation Bonds, Series 2013, were issued for the purpose of financing the acquisition of a building to be used for the water works department. The bonds were issued in a total amount of \$100,200, at an annual interest rate of 2.80%, and are being repaid semiannually over 10 years with the final payment due in October 2023.

The Equipment Acquisition General Obligation Bonds, Series 2014, were issued for the purpose of financing the purchase of a Bobcat Loader. The bonds were issued in a total amount of \$28,000, at an annual interest rate of 2.67%, and are being repaid semiannually with the final payment due in April 2021.

The police vehicle loan(s) relates to the purchase of two police vehicles under two separate but identical five year loans. The Village financed a total of \$65,344, at an interest rate of 2.49%, with the first payment made in February 2016. The final payment is due in February 2021.

The Ohio Public Works Commission (OPWC) Great Miami River Crossing Water Main Replacement Loan #CB210 was issued for the purpose of constructing a water main. The loan amount is \$300,000, at an interest rate of 0.00%, and is being repaid semiannually with the final payment due in January 2042.

Village of Cleves, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2018

The OPWC River Road and Miami Avenue Water Main Replacement Loan #CB27O was issued for the purpose of constructing a water main. The loan amount is \$156,278, at an interest rate of 0.00%, and is being repaid semiannually with the final payment due in July 2042.

The OPWC Harrison Avenue Improvements Loan #CB34R was issued for street improvements on Harrison Avenue. The loan amount is \$230,040, at an interest rate of 0.00%, and is being repaid semiannually with the final payment due in January 2036.

The OPWC Laurelwood Drive Rehabilitation Loan #CB45R was issued for street improvements on Laurelwood Drive. The loan amount is \$95,460, at an interest rate of 0.00%, and is being repaid semiannually with the final payment due in July 2046.

The OPWC Spring Street Improvements Loan #CB02T is for improvements on Spring Street. The loan amount is \$129,855, at an interest rate of 0.00%, and is being repaid semiannually with the final payment due in July 2048.

The Ohio Water Development Authority (OWDA) Loan #3303 was issued for the construction of a water plant. The loan amount is \$941,229, at an interest rate of 6.41%, and is being repaid semiannually with the final payment due in January 2026.

The OWDA Elizabethtown Water Main Loan #6227 was issued for the construction of a water main. The loan amount is \$836,610, at an interest rate of 2.00%, and is being repaid semiannually with the final payment due in January 2044.

The OWDA Elizabethtown Water Main Phase II Loan #6472 was issued for the continued construction of a water main. The loan amount is \$362,954, at an interest rate of 2.00%, and is being repaid semiannually with the final payment due in July 2044.

The OWDA Elizabethtown Water Main Phase III Loan #6769 was issued for the continued construction of a water main. The loan amount is \$1,125,804, at an interest rate of 2.00%, and is being repaid semiannually with the final payment due in January 2035.

The OWDA Valve Replacement Loan #6621 was issued for the purpose of a water works valve replacement project. The loan amount is \$362,590, at an interest rate of 3.62%, and is being repaid semiannually with the final payment due in July 2044.

The OWDA Cleves-SR 128 & Harrison Avenue Waterline Loan #6877 was issued for the purpose of a waterline replacement. The project was completed in 2017, and the debt repayment schedule has been finalized based on a loan amount of \$316,418. The interest rate is 2.78%, and the loan is being repaid semiannually with the final payment due in July 2035.

The OWDA Jackson/Hooven/E. State/St. Anne's Water Main Loan #7028 was issued for the purpose of replacing and installing water mains in several areas. The loan amount is \$767,128, at an interest rate of 1.57%, and is being repaid semiannually with the final payment due in January 2037.

The OWDA Shawnee & Lower River Rd. Water Main Relocation Loan #7764 is for the relocation of a water main. The project is still in progress, and the loan repayment schedule will not be finalized until the project is complete and final project costs are known. As of December 31, 2018, \$270,694 of the OWDA approved loan amount of \$300,100 has been disbursed. A principal payment of \$3,172 was made

Village of Cleves, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2018

towards this obligation in July 2018.

The OWDA Cleves Coleberry Ct. & Laurelwood Waterline Loan #7864 is for a waterline replacement. The project is still in progress, and the loan repayment schedule will not be finalized until the project is complete and final project costs are known. As of December 31, 2018, \$190,576 of the OWDA approved loan amount of \$221,027 has been disbursed.

Leases

During 2018, the Village entered into a capital lease purchase agreement with KS State Bank in the amount of \$33,889. The capital lease is for radio equipment for the police department. The Village is making monthly payments of \$647, including interest at 5.50%, commencing April 1, 2018 with a final payment due March 1, 2023.

Excluding amounts related to the OWDA Shawnee & Lower River Road Water Main Relocation Loan #7764 and the OWDA Cleves Coleberry Ct. & Laurelwood Waterline Loan #7864, which have not been finalized, amortization of the above debt, including interest, is scheduled as follows:

Year ending December 31:	Water Main Acq GO Bonds, Series 2012	Building Acq GO Bonds, Series 2013	Equipmt Acq GO Bonds, Series 2014	Police Vehicle Loans	OPWC Loan #CB210	OPWC Loan #CB270	OPWC Loan #CB34R	OPWC Loan #CB45R	OPWC Loan #CB02T
2019	\$ 6,839	\$ 12,095	\$ 4,384	\$ 13,905	10,000	\$ 5,209	\$ 11,502	\$ 3,182	\$ 4,329
2020	6,875	12,096	4,383	13,905	10,000	5,209	11,502	3,182	4,328
2021	6,906	12,089	4,381	2,316	10,000	5,209	11,502	3,182	4,329
2022	6,832	12,073	-	-	10,000	5,209	11,502	3,182	4,328
2023	-	12,049	-	-	10,000	5,210	11,502	3,182	4,329
2024-2028	-	-	-	-	50,000	26,046	57,510	15,910	21,642
2029-2033	-	-	-	-	50,000	26,047	57,510	15,910	21,643
2034-2038	-	-	-	-	50,000	26,046	28,755	15,910	21,642
2039-2043	-	-	-	-	35,000	20,838	-	15,910	21,643
2044-2048	-	-	-	-	-	-	-	9,546	21,642
Total	\$ 27,452	\$ 60,402	\$ 13,148	\$ 30,126	\$ 235,000	\$ 125,023	\$ 201,285	\$ 89,096	\$ 129,855

Year ending December 31:	OWDA Loan #3303	OWDA Loan #6227	OWDA Loan #6472	OWDA Loan #6621	OWDA Loan #6769	OWDA Loan #6877	OWDA Loan #7028	Radio Equip Capital Lease	Totals
2019	\$ 76,035	\$ 37,169	\$ 16,148	\$ 19,914	\$ 68,574	\$ 22,456	\$ 44,842	\$ 7,766	\$ 364,349
2020	76,036	37,170	16,147	19,913	68,574	22,456	44,842	7,766	364,384
2021	76,035	37,169	16,148	19,914	68,574	22,456	44,842	7,766	352,818
2022	76,036	37,170	16,147	19,913	68,574	22,456	44,842	7,766	346,030
2023	76,035	37,169	16,148	19,914	68,574	22,457	44,842	1,941	333,352
2024-2028	190,090	185,847	80,737	99,567	342,871	112,281	224,210	-	1,406,711
2029-2033	-	185,848	80,737	99,567	342,870	112,281	224,211	-	1,216,624
2034-2038	-	185,847	80,737	99,567	102,861	44,913	156,947	-	813,225
2039-2043	-	185,848	80,737	99,567	-	-	-	-	459,543
2044-2048	-	18,585	16,147	19,913	-	-	-	-	85,833
Total	\$ 570,267	\$ 947,822	\$ 419,833	\$ 517,749	\$ 1,131,472	\$ 381,756	\$ 829,578	\$ 33,005	\$ 5,742,869

Village of Cleves, Ohio
Hamilton County
Notes to the Financial Statements
For the Year Ended December 31, 2018

Note 10 – Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Bastin & Company, LLC

Certified Public Accountants

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

Village of Cleves
Hamilton County
101 North Miami Avenue
Cleves, Ohio 45002

To the Village Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Cleves, Hamilton County, (the Village) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated June 26, 2020 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

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

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 internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2019-01 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2019-02.

Village's Response to Findings

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

Purpose of this Report

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

A handwritten signature in cursive script that reads "Bastin & Company, LLC". The signature is written in black ink on a light-colored background.

Cincinnati, Ohio
June 26, 2020

Village of Cleves, Ohio
Hamilton County
Schedule of Findings
December 31, 2019 and 2018

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number 2019-01 – Audit Adjustments

Material Weakness - Financial Reporting

The following audit adjustments were required to be made to the financial statements that were not initially identified by the Village's internal control.

- For 2019 and 2018, adjusting entries totaling \$53,013 and \$2,952 were made to properly present the proceeds and expenditures from capital leases and payments made on behalf of the Village by the Ohio Water Development Authority (OWDA) under a loan agreement. The Village did not record these transactions.
- For 2019, Water Works Expansion Fund, the Water Works Multi Projects Fund and the Dugan Gap Fund were reclassified to be presented within the Enterprise Fund type. These funds reflect activities and balances related to the Village's water system. The Village had initially presented these funds within the Capital Projects' Fund type.
- For 2019, reclassifying entries totaling \$106,035 were made to various funds to properly present property tax receipts, miscellaneous receipts and intergovernmental receipts in proper line items.
- For 2019, adjusting entries totaling \$91,644 were made to properly classify expenditures in the General Fund and FEMA Fund as capital outlay. The Village recorded these transactions in other operating accounts such as leisure time activities or security of persons and property.
- For 2019, adjusting entries totaling \$27,341 were made to various funds to properly present debt proceeds and debt principal and interest payments to proper line items or to proper funds. The Village recorded fines as note proceeds, recorded incorrect allocations for the principal or interest portion of debt payments, recorded debt payments as security of persons and property and in several instances recorded debt payments to incorrect funds.
- For 2019, an adjustment totaling \$18,156 was made to present a transfer from the General Fund to the Police Disability and Pension Fund. The General Fund provides funding to the Police Disability and Pension Fund when expenses exceed amounts collected from a tax levy. For 2019, a transfer had not been recorded by the Village.
- For 2019, the Village did not record \$18,434 of gas and motor vehicle tax receipts to proper funds as required by Ohio Revised Code §5735.28. Adjustments were made to reclassify receipts totaling \$7,904 from the Permissive Motor Vehicle Fund and \$10,530 from the State Highway Fund to the Street Construction, Maintenance and Repair Fund.
- For 2019, an adjusting entry totaling \$13,260 was made to reduce fines license and permit receipts and transportation expense in the General Fund. The Village had detected a recording error and incorrectly posted correcting entries resulting in receipts and disbursements to be overstated.

- For 2019, an adjusting entry totaling \$2,285 was made to properly classify charges for services in the Water Fund. The Village recorded this transaction in other non-operating miscellaneous receipts.
- For 2019, a portion of the general fund's unassigned fund cash balance was reclassified to assigned fund balance in the amount of \$225,993. The reclassification was made to report year end encumbrances and the portion of year end fund cash balance that has been assigned to fund the subsequent year's appropriations in accordance with the requirements of GASB 54.

In addition, for 2019 the Village's accounting system was not updated and did not properly reflect amounts appropriated as approved by the Village Council.

The Village's financial statements and footnotes have been adjusted to reflect proper amounts.

The presentation of materially correct financial statements and the related footnotes is the responsibility of management. We recommend that the Village implement control procedures that enable management to identify, prevent, detect and correct potential misstatements in the financial statements and to properly classify funds by fund type.

Village's Response

The Village encountered employee turnover within the fiscal office during 2019 resulting in most of the above conditions. Going forward the Village will attempt to ensure amounts are properly recorded and accurate financial statements are prepared and presented for audit.

FINDING NUMBER 2019-02 – Certification of Fund Availability

Noncompliance

Ohio Revised Code Section 5705.41(D) requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" certificate - If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for the payment of the amount due. The Village has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Village.

2. Blanket Certificate - Fiscal officers may prepare “blanket” certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate - The Village may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

During fiscal years 2019 and 2018, 5 percent of purchase orders tested were not properly certified prior to incurring the obligation or were not approved by ordinance or resolution when a then and now certificate for purchases of \$3,000 or more was made.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval.

To improve controls over disbursements and to help reduce the possibility of the Village’s funds exceeding budgetary spending limitations, we recommend that the Fiscal Officer certify that the funds are or will be available prior to an obligation being incurred by the Village. When prior certification is not possible, “then and now” certification should be used and Council must approve then and now certificates for purchases of \$3,000 or more.

Village’s Response

The Village encountered employee turnover within the fiscal office during 2019 and will attempt to ensure certifications are properly performed in the future.

Village of Cleves, Ohio
Hamilton County
Summary Schedule of Prior Audit Findings
December 31, 2019 and 2018

Finding Number	Finding Summary	Status	Additional Information
2017-01	Audit Adjustments	Not corrected	Current year conditions included as finding number 2019-01
2017-02	Certification of Fund Availability	Not corrected	Current year conditions included as finding number 2019-02

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF CLEVES

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 8/13/2020

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