



Dave Yost • Auditor of State

VILLAGE OF GREENFIELD
HIGHLAND COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2014	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Proprietary Fund Types- For the Year Ended December 31, 2014	4
Notes to the Financial Statements	5
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	15
Schedule of Findings	17
Schedule of Prior Audit Findings	21
Corrective Action Plan	23

This page intentionally left blank.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Village of Greenfield
Highland County
300 Jefferson Street
Greenfield, Ohio 45123

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 Village of Greenfield, Highland County, (the Village) as of and for the year ended December 31, 2014.

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

Corporate Centre of Blue Ash, 11117 Kenwood Road, Blue Ash, Ohio 45242
Phone: 513-361-8550 or 800-368-7419 Fax: 513-361-8577

www.ohioauditor.gov

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 Government as of December 31, 2014, or changes in financial position thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Village of Greenfield, Highland County as of December 31, 2014, and its combined cash receipts and disbursements for the year 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 Note1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 2017 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.



Dave Yost
Auditor of State

Columbus, Ohio

October 4, 2017

**VILLAGE OF GREENFIELD
HIGHLAND COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent</u>	
Cash Receipts:					
Property and Local Taxes	\$ 80,103	\$ 11,443	\$ -	\$ -	\$ 91,546
Municipal Income Tax	601,569	526,377	93,996	-	1,221,942
Intergovernmental	105,261	228,431	-	-	333,692
Charges for Services	41,720	41,065	1,960	-	84,745
Fines, Licenses, and Permits	54,787	641	-	-	55,428
Earnings on Investments	11,283	915	449	45	12,692
Miscellaneous	10,842	29,759	-	-	40,601
	<u>905,565</u>	<u>838,631</u>	<u>96,405</u>	<u>45</u>	<u>1,840,646</u>
Total Cash Receipts					
Cash Disbursements:					
Current:					
Security of Persons & Property	500,177	429,567	-	-	929,744
Public Health Service	16,852	89,159	-	85	106,096
Leisure Time Activities	-	32,482	-	-	32,482
Community Environment	18,818	9,187	-	-	28,005
Transportation	-	155,136	-	-	155,136
General Government	310,727	-	-	-	310,727
Capital Outlay	148,765	80,981	-	-	229,746
Debt Service					
Principal Payment	5,000	21,636	387,500	-	414,136
Interest and Fiscal Charges	219	3,190	8,719	-	12,128
	<u>1,000,558</u>	<u>821,338</u>	<u>396,219</u>	<u>85</u>	<u>2,218,200</u>
Total Cash Disbursements					
Total Cash Receipts Over (Under) Cash Disbursements	(94,993)	17,293	(299,814)	(40)	(377,554)
Other Financing Receipts (Disbursements):					
Sale of Notes	-	-	312,500	-	312,500
Other Debt Proceeds	-	-	4,953	-	4,953
Other Uses	-	(383)	(4,953)	-	(5,336)
	<u>-</u>	<u>(383)</u>	<u>(4,953)</u>	<u>-</u>	<u>(5,336)</u>
Total Other Financing Receipts (Disbursements)					
	<u>-</u>	<u>(383)</u>	<u>312,500</u>	<u>-</u>	<u>312,117</u>
Net Change in Fund Balances	(94,993)	16,910	12,686	(40)	(65,437)
Fund Cash Balances, January 1 - As Restated	<u>679,653</u>	<u>307,522</u>	<u>90,894</u>	<u>8,701</u>	<u>1,086,770</u>
Fund Cash Balances, December 31					
Nonspendable	-	-	-	8,661	8,661
Restricted	-	327,289	-	-	327,289
Committed	22,996	-	103,580	-	126,576
Assigned	39,103	-	-	-	39,103
Unassigned	522,561	(2,857)	-	-	519,704
Fund Cash Balances, December 31	<u>\$ 584,660</u>	<u>\$ 324,432</u>	<u>\$ 103,580</u>	<u>\$ 8,661</u>	<u>\$ 1,021,333</u>

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

**VILLAGE OF GREENFIELD
HIGHLAND COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals</u>
	<u>Enterprise</u>	<u>Private Purpose Trust</u>	<u>Memorandum Only</u>
Operating Cash Receipts:			
Charges for Services	\$ 1,855,238	\$ -	\$ 1,855,238
Earnings on Investments	-	93	93
Miscellaneous	17,188	-	17,188
	<u>1,872,426</u>	<u>93</u>	<u>1,872,519</u>
Operating Cash Disbursements:			
Personal Services	468,197	-	468,197
Employee Fringe Benefits	218,022	-	218,022
Contractual Services	176,341	-	176,341
Supplies and Materials	275,795	-	275,795
Claims	53,010	-	53,010
	<u>1,191,365</u>	<u>-</u>	<u>1,191,365</u>
Operating Cash Receipts Over Operating Cash Disbursements	681,061	93	681,154
Non-Operating Cash Receipts (Disbursements):			
Intergovernmental	25,822	-	25,822
Miscellaneous Cash Receipts	24,197	-	24,197
Capital Outlay	(219,977)	-	(219,977)
Principal	(210,238)	-	(210,238)
Interest	(129,514)	-	(129,514)
	<u>(509,710)</u>	<u>-</u>	<u>(509,710)</u>
Net Cash Receipts Over Cash Disbursements	171,351	93	171,444
Fund Cash Balances, January 1 - As Restated	<u>1,311,251</u>	<u>18,367</u>	<u>1,329,618</u>
Fund Cash Balances, December 31	<u><u>\$ 1,482,602</u></u>	<u><u>\$ 18,460</u></u>	<u><u>\$ 1,501,062</u></u>

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

**VILLAGE OF GREENFIELD
HIGHLAND COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the Entity

The Village of Greenfield (the "Village") was organized in 1941 as a municipal corporation under the laws of the State of Ohio. The Village was recognized by the State of Ohio as a Village after the 2010 federal census. The Village had been previously recognized as a City since the 1960 census.

The Village operates under a City Manager form of government as voted on by its citizens, and provides the following services as authorized by state and local law: Water and sewer utilities, police services, cemetery operation, public service, public safety, health, recreation and development.

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

Basis of Accounting

These financial statements follow the accounting basis the Auditor of State prescribes or permits. The 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 formerly prescribed or permitted by the Auditor of State.

Deposits and Investments

The Village Finance Director invests all available funds of the Village. Village funds are invested in "Super Now" checking accounts with local commercial banks. The Village pools its cash for investment purpose to capture the highest rate of return. Investment income is distributed to Village funds based upon the Ohio Constitution.

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 Funds

General Fund – The General Fund is the general operating fund. It is used to account for all financial resources except those accounted for in another fund.

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

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

Cemetery Fund – This fund receives proceeds from burial fees and sale of lots and cornerstones for the maintenance and upkeep of the cemetery operated by the Village.

**VILLAGE OF GREENFIELD
HIGHLAND COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Governmental Funds (Cont'd)

Community Development Block Grants Fund – This fund accounts for federal block grant monies received through the Ohio Department of Development and spent for emergency home repair, down payment assistance, rehabilitation of private and rental property, and downtown revitalization.

Police Pension Fund – This fund is used to account for proceeds from property taxes for pension retirement payments for police department personnel.

Capital Projects Funds – These funds account for the acquisition or construction of major capital facilities and capital improvements other than those financed by Proprietary Funds. They include projects financed by notes. The Village had the following significant Capital Projects Funds:

City Hall Capital Improvement Fund – This fund receives income tax, grants, lease payments and proceeds from debt to renovate the Village Building.

Permanent Fund – This fund accounts for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the Village's programs.

Cemetery Trust – This fund is used to account for interest earned on a certain amount of principal and spent for the upkeep of graves and lots.

Fiduciary Funds

Private Purpose Trust Funds – Fiduciary funds include private purpose trust 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. The Village's private purpose trust funds are used to purchase flowers for specific grave sites.

Proprietary Funds

Enterprise Funds – These funds account for operations that are similar to private business enterprises where management intends that the significant cost of providing certain goods and services will be recovered through user charges. The Village had the following significant Enterprise funds:

Water Fund – This fund receives charges for services from residents to cover the cost of providing this utility.

Sewer Fund – This fund receives charges for services from residents to cover the cost of providing this utility.

Railroad Fund – This fund receives charges for services from users of the railroad lines to cover the cost of providing services. This fund also receives grants and loans (line of credit) to assist in making improvements to the railroad lines and associated infrastructure.

Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds are legally required to be budgeted and appropriated. For all funds, Council appropriations are budgeted for fund, departmental and functional level. Any budgetary modifications at these levels may only be made by ordinance of the members of Council. The Village follows these procedures in establishing the budgetary data reported in the combined financial statements.

**VILLAGE OF GREENFIELD
HIGHLAND COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Budgetary Process (Cont'd)

Budget – A budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 the following year.

Estimated Resources – The County Budget Commission certifies its actions to the Village by September 1. As part of this certification, the Village receives the official certificate of estimated resources, which states the projected receipts of each fund. On or about January 1, this certificate is amended to include any unencumbered balances from the preceding year. Prior to December 31, the Village must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. Budget receipts as shown in the accompanying financial statements do not include January 1 unencumbered fund balances. However, those fund balances are available for appropriations.

Appropriations – A temporary appropriation measure to control cash disbursements may be passed on or about January 1 each year for the period January 1 to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

Encumbrances – The Village is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation. At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated.

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 the Village Council or a Village official delegated that authority by resolution, or by State Statute.

**VILLAGE OF GREENFIELD
HIGHLAND COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Fund Balance (Cont'd)

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.

Property, Plant and Equipment

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

Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected under the cash basis of accounting used by the Village.

2. EQUITY IN POOLED CASH, CASH EQUIVALENTS AND INVESTMENTS

The Village maintains a cash pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31, 2014 are as follows:

	2014
Demand Deposits	\$ 2,521,945
Petty Cash	450
Total Deposits	\$ 2,522,395

**VILLAGE OF GREENFIELD
HIGHLAND COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014**

3. DEBT OBLIGATIONS

Debt outstanding at December 31, 2014 consisted of the following:

	2014 Principal Outstanding	Interest
Bond Anticipation Notes	\$ 312,500	2.25%
Total Short Term Debt	\$ 312,500	
Long Term Debt:		
Ohio Water Development Authority Loans	4,618,814	1.00 - 3.95%
Ohio Public Works Commission Loans	665,076	0.00%
Dump Truck Capital Lease	46,374	4.69%
Total Long Term Debt	\$ 5,330,264	

Bond anticipation notes were re-issued in anticipation of bonds of which proceeds were used for the renovation of the Village Building that houses various departments of the Village and Highland County Court.

The Ohio Water Development Authority (OWDA) loans #4677, 4882, 5482, and 5938 are for utility construction projects. Property and revenue of the utility facilities have been pledged to repay these debts.

The Ohio Public Works Commission (OPWC) loans are for Issue II money borrowed for the North/N. Eighth Street Waterline Replacement project and the Phase I Wastewater Treatment Plant Improvements.

In 2011, the Village acquired a dump truck through the use of a capital lease purchase agreement. The original lease amount was \$120,441 at an interest rate of 4.69%.

The annual requirement to amortize all bonded debt and long-term loans outstanding as of December 31, 2014, including interest payments of \$1,765,260 are as follows:

Year Ending 12/31	OWDA Loans	OPWC Loans	Lease Financing Agreement	Total (Memorandum Only)
2015	\$ 256,952	\$ 36,185	\$ 24,826	\$ 317,963
2016	256,952	36,185	23,723	316,860
2017	256,952	36,185	-	293,137
2018	256,952	36,185	-	293,137
2019	256,952	36,185	-	293,137
2020-2024	1,284,760	180,923	-	1,465,683
2025-2029	1,284,760	180,923	-	1,465,683
2030-2034	1,248,531	75,923	-	1,324,454
2035-2039	1,041,374	30,923	-	1,072,297
2040-2042	237,714	15,459	-	253,173
Total	\$ 6,381,899	\$ 665,076	\$ 48,549	\$ 7,095,524

**VILLAGE OF GREENFIELD
HIGHLAND COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014**

4. PROPERTY TAX

Property taxes include amounts levied against all real and public utility property located in the Village. Property tax revenue received during 2014 for real and public utility property taxes represents collections of 2013 taxes.

2014 real property taxes are levied after October 1, 2014, on the assessed value as of January 1, 2014, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2014 real property taxes are collected in and intended to finance 2015.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2014 public utility property taxes which became a lien December 31, 2013, are levied after October 1, 2014, and are collected in 2015 with real property taxes.

5. LOCAL INCOME TAX

The Village levies a municipal income tax of 1.625 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**VILLAGE OF GREENFIELD
HIGHLAND COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014**

6. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

7. RETIREMENT SYSTEM

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

The Ohio Revised Code also prescribes contribution rates. Effective July 2, 2014 OP&F plan members were required to contribute 11.5% of their annual covered salary and for January 1, 2014 to July 1, 2014, plan members were required to contribute 10.75% of their annual covered salary (most recent information available). For 2014, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2014, 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, 2014.

8. STATE AND FEDERAL GRANTS

The state and federal financial assistance grants are audited by either the Auditor of State of Ohio or an Independent Public Accountant, as part of their regular audit. Any instances of noncompliance with state and/or federal grant requirements and/or laws and regulations, if any, would be disclosed separately.

9. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2014 was as follows:

2014 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 1,327,373	\$ 905,565	\$ (421,808)
Special Revenue	535,576	838,631	303,055
Capital Projects	413,945	413,858	(87)
Permanent	396	45	(351)
Enterprise	1,916,349	1,922,445	6,096
Private Purpose Trust	825	93	(732)
Total	<u>\$ 4,194,464</u>	<u>\$ 4,080,637</u>	<u>\$ (113,827)</u>

**VILLAGE OF GREENFIELD
HIGHLAND COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014**

9. BUDGETARY ACTIVITY (CONT'D)

2014 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Disbursements</u>	<u>Variance</u>
General	\$ 1,099,951	\$ 1,000,558	\$ 99,393
Special Revenue	1,010,624	821,721	188,903
Capital Projects	428,770	401,172	27,598
Permanent	8,520	85	8,435
Enterprise	2,008,176	1,751,094	257,082
Private Purpose Trust	17,750	-	17,750
Total	<u>\$ 4,573,791</u>	<u>\$ 3,974,630</u>	<u>\$ 599,161</u>

The amount of encumbrances for the General Fund and Special Revenue Funds as of December 31, 2014 were \$20,767 and \$4,912, respectively. The Enterprise Fund had encumbrances of \$242,672 as of December 31, 2014.

10. CONTINGENT LIABILITIES

At December 31, 2014, there was one lawsuit pending against the Village in the Court of Appeals. This lawsuit was settled in January 2015 with a small settlement of \$4,125 paid by the Village's insurance company.

**VILLAGE OF GREENFIELD
HIGHLAND COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014**

11. FUND BALANCES

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on the fund balance for the governmental funds are presented below:

Fund Balances	General Fund	Special Revenue	Capital Projects	Permanent	Total
<i>Nonspendable</i>					
Cemetery Trust	\$ -	\$ -	\$ -	\$ 8,661	\$ 8,661
<i>Total Nonspendable</i>	-	-	-	8,661	8,661
<i>Restricted for</i>					
Street Improvements	-	175,153	-	-	175,153
Cemetery Maintenance	-	44,993	-	-	44,993
Park Maintenance	-	59,329	-	-	59,329
Other Purposes	-	47,814	-	-	47,814
<i>Total Restricted</i>	-	327,289	-	-	327,289
<i>Committed to</i>					
Street Improvements	22,996	-	-	-	22,996
Cemetery Improvements	-	-	27,741	-	27,741
City Hall Improvements	-	-	75,839	-	75,839
<i>Total Committed</i>	22,996	-	103,580	-	126,576
<i>Assigned to</i>					
Other Purposes	39,103	-	-	-	39,103
<i>Total Assigned</i>	39,103	-	-	-	39,103
<i>Unassigned</i>	522,561	(2,857)	-	-	519,704
<i>Total Fund Balances</i>	<u>\$ 584,660</u>	<u>\$ 324,432</u>	<u>\$ 103,580</u>	<u>\$ 8,661</u>	<u>\$ 1,021,333</u>

12. GREENFIELD RAIL IMPROVEMENT PROJECT

During fiscal year 2012, the Greenfield Rail Improvement project was approved. The Economic Development Administration (EDA) awarded the Village a grant in the amount of \$2,625,788 with a required match of 30% by the Village. The total estimated cost of this project is \$3,751,125.

Subsequently, the Village received commitments for the following grant awards and contributions from grantors and local contributors:

Grantor / Contributor	Award/Contribution
Ohio Department of Development ODOD	\$ 500,000
Ohio Department of Development CDBG	494,000
Ohio Rail Development Commission	78,000
Highland County Engineer	23,000
Highland County Commissioners	10,000
Village of Leesburg	10,000
Candle-Lite (shipper)	3,500
Huhtamaki (shipper)	3,500

These amounts will be used to help meet the Village's required local match for the Greenfield Rail Improvement project. An additional grant in the amount of \$78,000 was awarded to the Village from the Ohio Department of Transportation, Jobs & Commerce Office. The Village intends to use this grant for engineering related expenses.

**VILLAGE OF GREENFIELD
HIGHLAND COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014**

12. GREENFIELD RAIL IMPROVEMENT PROJECT (CONT'D)

As of December 31, 2014, \$58,000 of the above mentioned grant awards and contributions were received by the Village.

13. FUND RECLASSIFICATION AND RESTATEMENT OF FUND BALANCES

Governmental Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprised a hierarchy based primarily on the extent to which a government is bound to observe constrains imposed on the use of the resources reported in governmental funds.

The Village has reclassified the fund balances below to comply with GASB Statement No. 54, which resulted in the following change to fund balances at December 31, 2013, as previously reported:

	General Fund	Special Revenue Fund	Capital Projects Fund	Permanent Fund	Private Purpose Trust Fund
Fund Balance Previously Reported at 12/31/13	\$656,420	\$288,768	\$88,486	\$71,463	\$0
Client Prepared Adjustments 2014	<u>23,233</u>	<u>18,754</u>	<u>2,408</u>	<u>(62,762)</u>	<u>18,367</u>
Fund Balance Restated 1/1/14	<u>\$679,653</u>	<u>\$307,522</u>	<u>\$90,894</u>	<u>\$8,701</u>	<u>\$18,367</u>



Dave Yost • Auditor of State

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

Village of Greenfield
Highland County
300 Jefferson Street
Greenfield, Ohio 45123

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 cash balances, receipts, and disbursements by fund type of the Village of Greenfield, Highland County (the Village) as of and for the year ended December 31, 2014, and the related notes to the financial statements, and have issued our report thereon dated October 4, 2017, 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.

Internal Control Over Financial Reporting

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

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 certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2014-001 and 2014-002 to be material weaknesses.

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 2014-001.

Entity'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 communication is not suitable for any other purpose.



Dave Yost
Auditor of State

Columbus, Ohio

October 4, 2017

VILLAGE OF GREENFIELD
HIGHLAND COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2014

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

FINDING NUMBER 2014-001

Material Weakness and Noncompliance

Ohio Rev. Code § 5705.09 requires the Village to create a special fund for each class of revenues derived from a source other than the general property tax, which the law requires to be used for a particular purpose.

Ohio Rev. Code § 5705.10 provides that revenue for which the law does not prescribe a particular use is required to be paid into the general fund.

AOS Bulletin 2011-04 provides guidance on GASB 54 and states that local governments preparing regulatory statements should implement both the fund balance classifications and the governmental fund type definitions. GASB 54 was codified in Section 1300. Governmental Accounting Standards Board (GASB) codification sections 1300.105, .106, .108 and .113 provide that *special revenue funds* should be used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. *Capital projects funds* are used to 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. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds. *Permanent funds* should be used to account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs—that is, for the benefit of the government or its citizenry. *Private-purpose trust funds* should be used to report all other trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

Federal Grants restrict the use of money for the intended purpose of the grant. Voter approved levies restrict the use of revenue generated by the levy. Each should be maintained in an appropriate fund.

The Village did not have controls in place to ensure that all required funds were created and properly classified. We identified the following conditions:

- The Village had grant activity related to a federal COPS grant for a school resource officer. The Village did not create the appropriate funds to record the activity of each grant.
- The Village received a voted income tax for the purpose of police and fire. The Village did not create a fund to account for the proceeds.
- The Village presented cable franchise fees as a capital projects fund and should have recorded as part of the general fund.
- The Village reported the Cemetery Trust fund as a permanent fund; however, based on restrictions identified in the related bequests, only \$24,367 of the fund principal should have been restricted in a permanent fund; \$18,367 should have been presented as a private purpose trust. Also, the Village posted a \$10,000 donation for maintenance of the Cemetery Chapel to a permanent fund; however, it should have been recorded as a special revenue fund. We were unable to determine if there was any interest associated with these donations; however, we believe the amount would be immaterial to the Village financial statements.

**FINDING NUMBER 2014-001
 (Continued)**

- The Village established Ordinance 01-15 authorized an endowment of \$50 per grave space to be applied to the Cemetery Capital Improvement Fund. The Village did not establish the Cemetery Capital Improvement Fund; rather, the endowment collections were paid into the Village Cemetery Trust Fund.

These conditions resulted in the following financial statement errors:

<i>Incorrect Entry</i>			<i>Correct Entry</i>		
Fund	Account	Amount	Fund	Account	Amount
General Fund	Intergovernmental	\$38,817	COPS Grant	Intergovernmental	\$38,817
General Fund	Security of Persons and Property	\$38,817	COPS Grant	Security of Persons and Property	\$38,817
General Fund	Income Tax	\$375,982	Police Fund	Income Tax	\$375,982
	Intergovernmental	\$13,000		Intergovernmental	\$13,000
General Fund	Security of Persons and Property	\$375,982	Police Fund	Security of Persons and Property	\$375,982
	Capital Outlay	\$13,000		Capital Outlay	\$13,000
Street Cable Fees(Capital Projects Fund)	Fines, Licenses and Permits	\$32,324	General Fund	Fines, Licenses and Permits	\$27,554
				Charges for Service	\$4,770
Street Cable Fees(Capital Projects Fund)	Transportation	\$9,479	General Fund	Health	\$9,479
	Capital Outlay	\$23,082		Capital Outlay	\$23,082
Street Cable Fees(Capital Projects Fund)	Beginning Fund Balance	\$23,233	General Fund	Beginning Fund Balance	\$23,233
Permanent Fund	Beginning Fund Balance	\$18,367	Private Purpose Trust	Beginning Fund Balance	\$18,367
Permanent Fund	Beginning Fund Balance	\$10,000	Chapel Fund (Special Revenue Fund)	Beginning Fund Balance	\$10,000
Permanent Fund	Beginning Fund Balance	\$8,754	Cemetery Fund (Special Revenue Fund)	Beginning Fund Balance	\$8,754
Permanent Fund	Beginning Fund Balance	\$25,641	Cemetery Improvement Fund (Capital Project Fund)	Beginning Fund Balance	\$25,641
Permanent Fund	Charges for Services	\$1,960	Cemetery Improvement Fund (Capital Project Fund)	Charges for Services	\$1,960

**FINDING NUMBER 2014-001
 (Continued)**

The Village has corrected the financial statements and accounting records to address the above posting errors and fund misclassifications.

The Village should review Ohio Revised Code 5705.09 and GASB codification section 1300 to determine when it is appropriate to create a new fund and how the fund should be recorded on the financial statements.

Officials' Response:

We have begun implementing corrective procedures and will continue to make advancements in our internal control procedures. All recommendations for adjustments to financial statements and accounting records have been completed.

FINDING NUMBER 2014-002

Material Weakness

Governments are required to maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for related assets, document compliance with finance related legal and contractual requirements and prepare financial statements.

The Village lacked controls to ensure that certain transactions were posted accurately. We identified the following posting errors:

2014					
<i>Transaction as Posted (incorrect)</i>			<i>Correct Transaction Posting</i>		
Fund	Account	Amount	Fund	Account	Amount
General Fund	Utilities Expense	\$53,034	General Fund	Security of Person and Property	\$51,269
				General Government	\$1,765
The Village posted street lighting and trash services as utilities and should have recorded the expenditures as Security of Person and Property and General Government.					
Debt Service Fund	Debt Proceeds	\$312,500	City Hall Capital Improvement (Capital Projects Fund)	Debt Proceeds	\$312,500
Debt Service Fund	Principal	\$312,500	City Hall Capital Improvement (Capital Projects Fund)	Principal	\$312,500
City Hall Capital Improvement (Capital Projects Fund)	Bond Premiums – Other Debt Proceeds	\$0	City Hall Capital Improvement (Capital Projects Fund)	Bond Premiums – Other Debt Proceeds	\$4,953

**FINDING NUMBER 2014-002
 (Continued)**

City Capital Improvement (Capital Projects Fund)	Hall	Debt Issuance Cost- Other Uses	\$0	City Capital Improvement (Capital Projects Fund)	Hall	Debt Issuance Cost- Other Uses	\$4,953
The Village issued Bond Anticipation Notes. The Sources and Uses Statement requires the funds to be placed into the Project Construction Fund. The Village posted the above revenues and expenditures in the Debt Service Fund. In addition, the Village did not record the revenue generated from the premium or the bond issuance costs that were recorded on the sources and uses statement.							

Failure to accurately post and report receipt and expenditure transactions could result in material errors in the Village's financial statements and reduces the ability of Council to monitor financial activity and to make sound decisions which affect the overall, available cash position of the Village.

The Village has corrected the financial statements, and accounting records where appropriate, to address these posting errors.

We recommend that officials review the chart of accounts to assure that items are being posted to the proper account codes and funds.

Officials' Response:

We have begun implementing corrective procedures and will continue to make advancements in our internal control procedures. All recommendations for adjustments to financial statements and accounting records have been completed.

VILLAGE OF GREENFIELD
HIGHLAND COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2014

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2013-001	Ohio Administrative Code section 117-2-02, estimated resources did not agree to the budgetary amounts in the accounting system.	Yes	

This page intentionally left blank.

Village of Greenfield

300 Jefferson Street

P. O. Box 300

Greenfield, Ohio 45123

CORRECTIVE ACTION PLAN

2 CFR § 200.511(c)

[December 31, 2014]

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2014-001	We have begun implementing corrective procedures and will continue to make advancements in our internal control procedures. All recommendations for adjustments to financial statements and accounting records have been completed.	Immediately	Carolyn Snodgrass
2014-002	We have begun implementing corrective procedures and will continue to make advancements in our internal control procedures. All recommendations for adjustments to financial statements and accounting records have been completed.	Immediately	Carolyn Snodgrass

This page intentionally left blank.



Dave Yost • Auditor of State

VILLAGE OF GREENFIELD

HIGHLAND COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
NOVEMBER 9, 2017