

Village of Greenhills
Hamilton County, Ohio

Financial Statements
December 31, 2015



Dave Yost • Auditor of State

Village Council
Village of Greenhills
11000 Winton Road
Greenhills, Ohio 45218

We have reviewed the *Independent Auditor's Report* of the Village of Greenhills, Hamilton County, prepared by Bastin & Company, LLC, for the audit period January 1, 2015 through December 31, 2015. 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 Greenhills is responsible for compliance with these laws and regulations.

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Dave Yost
Auditor of State

July 26, 2017

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Village of Greenhills
Hamilton County, Ohio

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Bastin & Company, LLC
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Village of Greenhills
Hamilton County
11000 Winton Road
Greenhills, Ohio 45218

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Greenhills, Hamilton County, Ohio (the Village), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are 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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Greenhills, Hamilton County, Ohio, as of December 31, 2015, and the respective changes in cash financial position and the respective budgetary comparison for the General and Police Operating Fund thereof for the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during 2015 the Village has elected to change its financial presentation to a cash basis comparable to the requirements of *Governmental Accounting Standards*. 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 22, 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.

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

Cincinnati, Ohio
June 22, 2017

Village of Greenhills
Hamilton County
Statement of Net Position - Cash Basis
December 31, 2015

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 2,207,359
<i>Total Assets</i>	<u>\$ 2,207,359</u>
 Net Position	
Restricted for:	
Capital Projects	\$ 121,002
Debt Service	318,708
Other Purposes	586,820
Unrestricted	<u>1,180,829</u>
<i>Total Net Position</i>	<u>\$ 2,207,359</u>

See accompanying notes to the basic financial statements

Village of Greenhills
Hamilton County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2015

	Cash Disbursements	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Current:					
Security of Persons and Property	\$ 923,701	\$ -	\$ -	\$ -	\$ (923,701)
Leisure Time Activities	295,555	149,953	-	-	(145,602)
Community Environment	101,467	175,685	-	10,479	84,697
Basic Utility Services	215,965	3,673	3,450	-	(208,842)
Transportation	374,993	-	174,968	574,215	374,190
General Government	955,598	111,284	-	-	(844,314)
Capital Outlay	559,886	-	-	-	(559,886)
Debt Service:					
Principal Retirement	1,150,379	-	-	-	(1,150,379)
Interest and Fiscal Charges	118,777	-	-	-	(118,777)
<i>Total Governmental Activities</i>	<u>\$ 4,696,321</u>	<u>\$ 440,595</u>	<u>\$ 178,418</u>	<u>\$ 584,694</u>	<u>(3,492,614)</u>
General Receipts:					
Property Taxes Levied for:					
General Purposes					1,006,704
Debt Service					229,986
Other Local Taxes					248,057
Income Taxes					1,086,544
Payments in Lieu of Taxes					5,023
Grants and Entitlements not Restricted to Specific Programs					58,358
Sale of Bonds					380,000
Sale of Capital Assets					183,740
Earnings on Investments					1,573
Miscellaneous					48,374
<i>Total General Receipts</i>					<u>3,248,359</u>
Change in Net Position					(244,255)
<i>Net Position Beginning of Year</i>					<u>2,451,614</u>
<i>Net Position End of Year</i>					<u>\$ 2,207,359</u>

See accompanying notes to the basic financial statements

Village of Greenhills
Hamilton County
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2015

	<u>General</u>	<u>Police Operating</u>	<u>General Obligation Bond Retirement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 1,182,841	\$ 24,129	\$ 318,708	\$ 681,681	\$ 2,207,359
<i>Total Assets</i>	<u>\$ 1,182,841</u>	<u>\$ 24,129</u>	<u>\$ 318,708</u>	<u>\$ 681,681</u>	<u>\$ 2,207,359</u>
Fund Balances					
Restricted	\$ -	\$ 24,129	\$ 318,708	\$ 522,293	\$ 865,130
Committed	1,677	-	-	64,431	66,108
Assigned	335	-	-	94,957	95,292
Unassigned (Deficit)	<u>1,180,829</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,180,829</u>
<i>Total Fund Balances</i>	<u>\$ 1,182,841</u>	<u>\$ 24,129</u>	<u>\$ 318,708</u>	<u>\$ 681,681</u>	<u>\$ 2,207,359</u>

See accompanying notes to the basic financial statements

Village of Greenhills
Hamilton County
Statement of Receipts, Disbursements and Changes Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2015

	General	Police Operating	General Obligation Bond Retirement	Other Governmental Funds	Total Governmental Funds
Receipts					
Municipal Income Taxes	\$ 1,086,544	\$ -	\$ -	\$ -	\$1,086,544
Property Taxes	355,441	439,469	229,986	211,794	1,236,690
Other Local Taxes	-	-	-	32,140	32,140
Intergovernmental	126,565	71,500	38,668	752,202	988,935
Special Assessments	-	-	-	53,385	53,385
Charges for Services	91,625	-	-	213,431	305,056
Fines, Licenses and Permits	116,199	-	-	19,068	135,267
Payments in Lieu of Taxes	26	32	17	15	90
Earnings on Investments	217	-	577	779	1,573
Miscellaneous	45,152	-	-	3,494	48,646
<i>Total Receipts</i>	<u>1,821,769</u>	<u>511,001</u>	<u>269,248</u>	<u>1,286,308</u>	<u>3,888,326</u>
Disbursements					
Current:					
Security of Persons and Property	232,426	521,328	-	169,947	923,701
Leisure Time Activities	-	-	-	295,555	295,555
Community Environment	101,467	-	-	-	101,467
Basic Utility Services	215,965	-	-	-	215,965
Transportation	-	-	-	374,993	374,993
General Government	921,751	-	8,162	25,685	955,598
Capital Outlay	980	-	-	558,906	559,886
Debt Service:					
Principal Retirement	-	-	826,072	324,307	1,150,379
Interest and Fiscal Charges	-	-	50,907	67,870	118,777
<i>Total Disbursements</i>	<u>1,472,589</u>	<u>521,328</u>	<u>885,141</u>	<u>1,817,263</u>	<u>4,696,321</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>349,180</u>	<u>(10,327)</u>	<u>(615,893)</u>	<u>(530,955)</u>	<u>(807,995)</u>
Other Financing Sources (Uses)					
Sale of Bonds	-	-	380,000	-	380,000
Sale of Capital Assets	-	-	156,740	27,000	183,740
Transfers In	-	-	187,260	53,000	240,260
Transfers Out	(240,260)	-	-	-	(240,260)
<i>Total Other Financing Sources (Uses)</i>	<u>(240,260)</u>	<u>-</u>	<u>724,000</u>	<u>80,000</u>	<u>563,740</u>
<i>Net Change in Fund Balances</i>	108,920	(10,327)	108,107	(450,955)	(244,255)
<i>Fund Balances Beginning of Year</i>	<u>1,073,921</u>	<u>34,456</u>	<u>210,601</u>	<u>1,132,636</u>	<u>2,451,614</u>
<i>Fund Balances End of Year</i>	<u>\$ 1,182,841</u>	<u>\$ 24,129</u>	<u>\$ 318,708</u>	<u>\$ 681,681</u>	<u>\$ 2,207,359</u>

See accompanying notes to the basic financial statements

Village of Greenhills
Hamilton County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2015

	<u>Budgeted Amounts</u>		
	<u>Original</u>	<u>Final</u>	<u>Actual</u>
Receipts			
Municipal Income Taxes	\$ 1,000,000	\$ 1,049,580	\$ 1,086,544
Property Taxes	354,226	355,434	355,441
Intergovernmental	104,333	104,333	126,565
Charges for Services	97,350	97,350	91,625
Fines, Licenses and Permits	119,700	119,700	116,199
Payments in Lieu of Taxes	-	-	26
Earnings on Investments	500	500	217
Miscellaneous	30,000	30,000	45,152
<i>Total Receipts</i>	<u>1,706,109</u>	<u>1,756,897</u>	<u>1,821,769</u>
Disbursements			
Current:			
Security of Persons and Property	268,416	270,208	232,426
Community Environment	107,313	107,645	101,467
Basic Utility Services	214,268	216,268	215,965
General Government	1,013,164	990,996	922,086
Capital Outlay	82,000	2,000	980
<i>Total Disbursements</i>	<u>1,685,161</u>	<u>1,587,117</u>	<u>1,472,924</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>20,948</u>	<u>169,780</u>	<u>348,845</u>
Other Financing Sources (Uses)			
Transfers Out	(269,500)	(241,260)	(240,260)
<i>Total Other Financing Sources (Uses)</i>	<u>(269,500)</u>	<u>(241,260)</u>	<u>(240,260)</u>
<i>Net Change in Fund Balance</i>	(248,552)	(71,480)	108,585
<i>Unencumbered Fund Balance Beginning of Year</i>	1,040,060	1,040,060	1,040,060
Prior Year Encumbrances Appropriated	33,861	33,861	33,861
<i>Unencumbered Fund Balance End of Year</i>	<u>\$ 825,369</u>	<u>\$ 1,002,441</u>	<u>\$ 1,182,506</u>

See accompanying notes to the basic financial statements

Village of Greenhills
Hamilton County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Police Operating Fund
For the Year Ended December 31, 2015

	<u>Budgeted Amounts</u>		<u>Actual</u>
	<u>Original</u>	<u>Final</u>	
Receipts			
Property Taxes	\$ 439,782	\$ 439,462	\$ 439,469
Intergovernmental	64,985	64,985	71,500
Payments in Lieu of Taxes	-	-	32
Miscellaneous	-	6,515	-
<i>Total Receipts</i>	<u>504,767</u>	<u>510,962</u>	<u>511,001</u>
Disbursements			
Current:			
Security of Persons and Property	<u>530,465</u>	<u>530,465</u>	<u>521,328</u>
<i>Total Disbursements</i>	<u>530,465</u>	<u>530,465</u>	<u>521,328</u>
<i>Net Change in Fund Balance</i>	(25,698)	(19,503)	(10,327)
<i>Unencumbered Fund Balance Beginning of Year</i>	<u>34,456</u>	<u>34,456</u>	<u>34,456</u>
<i>Unencumbered Fund Balance End of Year</i>	<u>\$ 8,758</u>	<u>\$ 14,953</u>	<u>\$ 24,129</u>

See accompanying notes to the basic financial statements

Village of Greenhills
Hamilton County
Statement of Fiduciary Net Position - Cash Basis
Fiduciary Fund
December 31, 2015

	<u>Agency</u>
Assets	
Cash and Cash Equivalents in Segregated Accounts	<u>\$ 261</u>
<i>Total Assets</i>	<u><u>\$ 261</u></u>
Net Position	
Held on Behalf of Other Agencies	<u>\$ 261</u>
<i>Total Net Position</i>	<u><u>\$ 261</u></u>

See accompanying notes to the basic financial statements

Village of Greenhills
Hamilton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Note 1 – Reporting Entity

The Village of Greenhills (the Village) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a six-member council elected at large for four year terms. The Mayor is elected to a four-year term, serves as the President of Council and votes only to break a tie.

Primary Government

The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the Village. The primary government of the Village of Greenhills provides the following services to its citizens: police and fire protection, parks and recreation, building inspection, street maintenance and repairs and refuse collection. Council has direct responsibility for these services.

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

As discussed further in the “Basis of Accounting” section of this note, these financial statements are presented in the cash basis of accounting. The cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Village’s accounting policies.

Basis of Presentation

The Village’s basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements The statement of net position and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The statement of net position presents the cash balance of the governmental activities of the Village at year end. The statement of activities compares disbursements with program receipts for each program or function of the Village’s governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program’s goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program is self-financing on a cash basis or draws from the general receipts of the Village.

Village of Greenhills
Hamilton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Fund Financial Statements During the year, the Village segregates transactions related to certain Village functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

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 in two categories: governmental and fiduciary.

Governmental Funds Governmental funds are those through which most governmental functions of the Village are financed. The following are the Village's major governmental funds:

General 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.

Police Operating Fund The police operating fund accounts for proceeds from property taxes and other cash receipts restricted for police department operations and protection services.

General Obligation Bond Retirement Fund The general obligation bond retirement fund accounts for proceeds of property taxes and other cash receipts restricted for the servicing of debt that has been issued with the voters' permission.

The other governmental funds of the Village account for and report grants and other resources, whose use is restricted, committed or assigned to a particular purpose.

Fiduciary Funds Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the Village under a trust agreement for individuals, private organizations, or other governments and are not available to support the Village's own programs. The Village does not have any trust funds. Agency funds are purely custodial in nature and are used to account for assets held by the Village for individuals, other governments, or other organizations. The Village's agency fund accounts for the activity of Mayor's Court.

Village of Greenhills
Hamilton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Basis of Accounting

The Village's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Village Council may appropriate.

The appropriations ordinance is Village Council's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by Village Council. The legal level of control has been established by Village Council at the fund, department/division and within each, the amount appropriated for personal services for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Finance Director. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by Village Council.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Village Council during the year.

Cash and Investments

To improve cash management, cash received by the Village is pooled and invested. Individual fund integrity is maintained through Village records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Cash and cash equivalents that are held separately in accounts at a financial institution for the Village's Mayor's Court are reported as "Cash and Cash Equivalents in Segregated Accounts."

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments

Village of Greenhills
Hamilton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2015 was \$217.

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. As of December 31, 2015, there were no restricted assets.

Inventory and Prepaid Items

The Village reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

Capital Assets

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

Interfund Receivables/Payables

The Village reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's cash basis of accounting.

Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

Village of Greenhills
Hamilton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Long-Term Obligations

The Village's cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure is reported at inception. Lease payments are reported when paid.

Net Position

Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes includes resources restricted for street repair and maintenance, fire protection and police protection.

The Village's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

Fund Balance

Fund balance is divided into five classifications 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 classifications are as follows:

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted Fund balance is reported as 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.

Enabling legislation authorizes the Village to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Village can be compelled by an external party-such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution, as both are equally binding) of Village Council. Those committed amounts cannot be used for any other purpose unless Village Council removes or changes the specified use by taking the same type of action (ordinance or resolution, as both are equally binding) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Village Council, separate

Village of Greenhills
Hamilton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the Village for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by Village Council or a Village official delegated that authority by ordinance, or by State Statute. State Statute authorizes the Village Auditor to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not contained 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.

Internal Activity

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3 – Change in Basis of Accounting and Restatement of Net Position/Fund Equity

Last year the Village reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor’s Office. This year the Village has implemented the cash basis of accounting described in Note 2. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type.

Note 4 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund and Police Operating Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances, which are treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$335 for the General Fund and \$0 for the Police Operating Fund.

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Note 5 – Deposits and Investments

State statutes classify monies held by the Village into three categories.

Active deposits are public deposits determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Village can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and

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8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.

Investments in stripped principal or interest obligations reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$1,239,097 of the Village's bank balance of \$2,265,860 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Village's name.

The Village has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Village or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

As of December 31, 2015, the Village had no investments.

Note 6 – Taxes

Property Taxes

Property taxes include amounts levied against all real and public utility property located in the Village. Property tax revenue received during 2015 for real and public utility property taxes represents collections of 2014 taxes.

2015 real property taxes are levied after October 1, 2015, on the assessed value as of January 1, 2015, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2015 real property taxes are collected in and intended to finance 2016.

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.

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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. 2015 public utility property taxes which became a lien December 31, 2014, are levied after October 1, 2015, and are collected in 2016 with real property taxes.

The full tax rate for all Village operations for the year ended December 31, 2015, was \$33.58 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2015 property tax receipts were based are as follows:

Real Property	\$50,332,000
Public Utility Personal Property	<u>2,000,000</u>
Total	<u><u>\$52,332,000</u></u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Village. The County Auditor periodically remits to the Village its portion of the taxes collected.

Income Taxes

The Village levies a 1.5% income tax on substantially all income earned in the Village. In addition, Village residents employed in municipalities having an income tax can receive a credit of up to one half percent. Additional increases in the income tax rate require voter approval. Employers within the Village withhold income tax on employee compensation and remit at least quarterly and file an annual declaration.

The Village's income tax receipts are to be used to pay the cost of administering the tax, general fund operations, capital improvements, debt service and other governmental functions when needed, as determined by Council. In 2015, the receipts were allocated to the general fund.

Note 7 – Transfers

During 2015, the following transfers were made:

Transfer to	Transfer from General Fund
Major Funds:	
General Obligation Bond Retirement	\$187,260
Non-Major Gov't Funds:	
Golf Course Fund	13,000
Swimming Pool Fund	<u>40,000</u>
Total all Funds	<u><u>\$240,260</u></u>

The general fund transfers to the other governmental funds were made to provide additional resources for current operations of the golf course and the swimming pool. The transfer from the general fund to the general obligation bond retirement fund was to provide funding for the retirement of debt.

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Note 8 – Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2015, the Village contracted for various types of insurance as follows:

Type of Coverage	Coverage	Deductible
Argonaut Insurance Company		
Blanket Property and Contents, Replacement	\$8,235,066	\$5,000
Inland Marine	465,006	1,000
General Liability	3,000,000	2,500
Automobile Liability	1,000,000	2,500
Public Officials Liability	1,000,000	10,000
Police Professional Liability	1,000,000	10,000
Employment Practice Liability	1,000,000	10,000
Computer/EDP	56,437	500
Public Employee Dishonesty	50,000	250
Money and Securities	25,000	250

Settled claims have not exceeded this commercial coverage in any of the past three years and there was no significant reduction in coverage from the prior year.

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Note 9 – Defined Benefit Pension Plans

Plan Description - Ohio Public Employees Retirement System (OPERS)

Plan Description - Village employees, other than full-time police, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Village employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

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Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Public Safety	Public Safety	Public Safety
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019,

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the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	<u>State and Local</u>	<u>Public Safety</u>	<u>Law Enforcement</u>
2015 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	*	**
2015 Actual Contribution Rates			
Employer:			
Pension	12.0 %	16.1 %	16.1 %
Post-employment Health Care Benefits	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>
Total Employer	<u>14.0 %</u>	<u>18.1 %</u>	<u>18.1 %</u>
Employee	<u>10.0 %</u>	<u>12.0 %</u>	<u>13.0 %</u>

* This rate is determined by OPERS' Board and has no maximum rate established by ORC.

** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Village's contractually required contribution was \$59,828 for year 2015.

Plan Description – Ohio Police & Fire Pension Fund (OPF)

Plan Description – Village full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OPF), a cost-sharing, multiple-employer defined benefit pension plan administered by OPF. OPF provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OPF issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OPF fiduciary net position. The report that may be obtained by visiting the OPF website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of OPF may retire and receive a lifetime monthly pension. OPF offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

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For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before after July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit.

Under normal service retirement, retired members who are at least 55 years old and have been receiving OPF benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either three percent or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to three percent of their base pension or disability benefit.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	Police	Firefighters
2015 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee:		
January 1, 2015 through July 1, 2015	11.50 %	11.50 %
July 2, 2015 through December 31, 2015	12.25 %	12.25 %
2015 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50	0.50
Total Employer	19.50 %	24.00 %
Employee:		
January 1, 2015 through July 1, 2015	11.50 %	11.50 %
July 2, 2015 through December 31, 2015	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The Village's contractually required contribution to OPF was \$80,090 for 2015.

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Note 10 – Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintained two cost-sharing, multiple-employer defined benefit postemployment health care trusts, which funded 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 of both the traditional pension and the combined plans. Members of the member-directed plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. See OPERS' CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2015, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

OPERS maintains three health care trusts. The two cost-sharing, multiple employer trusts, the 401(h) Health Care Trust and the 115 Health Care Trust, work together to provide health care funding to eligible retirees of the Traditional Pension and Combined plans. The third trust is a Voluntary Employee's Beneficiary Association (VEBA) that provides funding for a Retiree Medical Account for Member-Directed Plan members. Each year, the OPERS Board of Trustees determines the portion of the employer contributions rate that will be set aside to fund health care plans. The portion of employer contributions

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allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2015. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2016 remained at 2.0 percent for both plans. The Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited to the VEBA for participants in the Member-Directed Plan for 2015 was 4.5 percent.

Substantially all of the Village's contribution allocated to fund postemployment health care benefits relates to the cost-sharing, multiple employer trusts. The corresponding contribution for the years ended December 31, 2015, 2014, and 2013 was \$9,036, \$9,678, and \$8,205, respectively. The full amount has been contributed for 2015, 2014 and 2013.

Ohio Police and Fire Pension Fund

Plan Description - The Village contributes to the Ohio Police and Fire Pension Fund (OPF) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment healthcare plan administered by OPF. OPF provides health care benefits including coverage for medical, prescription drug, dental, vision, Medicare Part B Premium, and long-term care to retirees, qualifying benefit recipients and their eligible dependents.

OPF provides access to postretirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit, or is a spouse or eligible dependent child of such person. The health care coverage provided by OPF meets the definition of an Other Post Employment Benefit (OPEB) as described in Government Accounting Standards Board (GASB) Statement No. 45.

The Ohio Revised Code allows, but does not mandate, OPF to provide OPEB benefits. Authority for the OPF Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OPF issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by visiting the OPF website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy - The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OPF defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.5 percent and 24 percent of covered payroll for police and fire employer units. Active members do not make contributions to the OPEB Plan.

OPF maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administered as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OPF Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for

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retiree health care benefits. The portion of employer contributions allocated to health care was 0.5 percent of covered payroll from January 1, 2015 through December 31, 2015. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OPF Board of Trustees is also authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Village's contribution to OPF for the years ended December 31, 2015, 2014, and 2013 were \$80,090, \$80,620, and \$73,176, respectively, of which \$2,082, \$2,096, and \$13,487, respectively, was allocated to the healthcare plan. The full amount has been contributed for 2015.

Note 11 – Debt

The changes in the Village's long-term debt during 2015 were as follows:

Governmental Activities	Interest Rate	Outstanding 12/31/14	Additions	Deletions	Outstanding 12/31/15	Due in One Year
General Obligation Bonds						
Swimming Pool Renovation	2.10%	\$ 63,219	\$ -	\$ (31,703)	\$ 31,516	\$ 31,516
Street Curb Renovation	2.10%	471,583	-	(154,369)	317,214	157,645
Property Acquisition	2.50%	597,903	-	(69,307)	528,596	71,060
Redevelopment Bonds 2008	4.00 - 4.65%	1,225,000	-	(255,000)	970,000	275,000
Redevelopment Bonds 2005	4.30 - 4.90%	615,000	-	(615,000)	-	-
Redevelopment Bonds 2015	4.25%	-	380,000	(25,000)	355,000	30,000
Total Governmental Activities		<u>\$ 2,972,705</u>	<u>\$ 380,000</u>	<u>\$ (1,150,379)</u>	<u>\$ 2,202,326</u>	<u>\$ 565,221</u>

The Swimming Pool Renovation Bonds were originally issued in 1996 (\$385,000) and Street Curb Renovation Bonds were originally issued in 1998 (\$2,080,000) for the purpose of renovating the swimming pool and replacing curbs throughout the Village. The remaining balances of both issues were refunded during 2012 through the issuance of Refunding Bonds, Series 2012 totaling \$985,000. Separate bond levies were passed in 1996 and 1997, respectively, to support these bond issues.

The Property Acquisition Bonds were originally issued in 2002 totaling \$1,200,000 for the purpose of acquiring property within the Village to redevelop. The remaining balances of the 2002 issue was refunded during 2012 through the issuance of refunding bonds, Series 2012 totaling \$770,000.

The Redevelopment Bonds 2008 were originally issued for a total of \$2,195,000 for the purpose of acquiring property within the Village for redevelopment.

The Redevelopment Bonds 2005 were originally issued for a total of \$995,000 for the purpose of acquiring property within the Village for redevelopment. The issue was supported by a bond levy passed by voters of the Village in 2004.

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The Redevelopment Bonds 2015 were originally issued for a total of \$380,000 for the purpose of retiring the remaining outstanding balance of the Redevelopment Bonds 2005.

All general obligation bonds are supported by the full faith and credit of The Village of Greenhills. The Property Acquisition and Redevelopment Bonds 2008 are payable from unvoted property tax receipts to the extent that other resources are not available to meet annual principal and interest payments.

Principal and interest requirements to retire general obligation bonds outstanding at December 31, 2015, are as follows:

General Obligation Bonds (Voted)						
Year	Swimming Pool Renovation		Street Curb Renovation		Redevelopment Bonds 2015	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$31,516	\$494	\$157,645	\$5,838	\$30,000	\$15,087
2017	0	0	159,569	2,510	35,000	13,813
2018	0	0	0	0	35,000	12,325
2019	0	0	0	0	40,000	10,837
2020	0	0	0	0	35,000	9,138
2021-2024	0	0	0	0	180,000	19,550
Total	\$31,516	\$494	\$317,214	\$8,348	\$355,000	\$80,750

Year	General Obligation Bonds (Non-Voted)				Totals	
	Redevelopment Bonds 2008		Property Acquisition		Principal	Interest
	Principal	Interest	Principal	Interest		
2016	\$275,000	\$42,888	\$71,060	\$12,774	\$565,221	\$77,081
2017	220,000	31,338	72,848	10,986	487,417	58,647
2018	160,000	21,768	74,680	9,153	269,680	43,246
2019	90,000	14,648	76,559	7,275	206,559	32,760
2020	105,000	10,463	78,485	5,349	218,485	24,950
2021-2024	120,000	8,370	154,964	4,725	454,964	32,645
Total	\$970,000	\$129,475	\$528,596	\$50,262	\$2,202,326	\$269,329

The Ohio Revised Code provides that net general obligation debt of the Village, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Village. The Revised Code further provides that total voted and unvoted net debt of the Village less the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation.

Note 12 – Contingent Liabilities

The Village is a defendant in a lawsuit. Although management cannot presently determine the outcome of this suit, they believe the resolution of this matter will not materially adversely affect the Village's financial condition.

Village of Greenhills
Hamilton County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2015

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. Grantors 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 13 – 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 government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General Fund	Police Operating	General Obligation Bond Retirement	Other Governmental Funds	Total
Restricted for					
Road Maintenance & Improvements	\$ -	\$ -	\$ -	\$ 189,503	\$ 189,503
Fire Operations	-	-	-	121,367	121,367
Fire Department Equipment	-	-	-	50,442	50,442
Debt Service	-	-	318,708	-	318,708
Police Operations	-	24,129	-	4,077	28,206
Clerk of Court Computerization	-	-	-	6,643	6,643
Mayor's Court Computerization	-	-	-	1,104	1,104
Drug & Alcohol Enforcement	-	-	-	12,424	12,424
Recreation	-	-	-	15,731	15,731
Capital Projects	-	-	-	77,293	77,293
Shade Tree Expenses	-	-	-	43,709	43,709
<i>Total Restricted</i>	<u>-</u>	<u>24,129</u>	<u>318,708</u>	<u>522,293</u>	<u>865,130</u>
Committed to					
Apartment Related Expenses	-	-	-	19,705	19,705
Golf Course Expenses	-	-	-	1,988	1,988
Swimming Pool Expenses	-	-	-	7,373	7,373
Spoils Ballfield Expenses	-	-	-	9,534	9,534
Banquet Hall Expenses	-	-	-	25,831	25,831
Payment of Sick Leave at Termination	1,677	-	-	-	1,677
<i>Total Committed</i>	<u>1,677</u>	<u>-</u>	<u>-</u>	<u>64,431</u>	<u>66,108</u>
Assigned to					
Debt Service	-	-	-	94,957	94,957
Lands & Buildings	335	-	-	-	335
<i>Total Assigned</i>	<u>335</u>	<u>-</u>	<u>-</u>	<u>94,957</u>	<u>95,292</u>
Unassigned (deficits):	<u>1,180,829</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,180,829</u>
<i>Total Fund Balances</i>	<u>\$ 1,182,841</u>	<u>\$ 24,129</u>	<u>\$ 318,708</u>	<u>\$ 681,681</u>	<u>\$ 2,207,359</u>

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 Greenhills
Hamilton County
11000 Winton Road
Greenhills, Ohio 45218

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 governmental activities, each major fund, and the aggregate remaining fund information of the Village of Greenhills, Hamilton County, (the Village) as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated June 22, 2017, wherein we noted the Village uses a special purpose framework other than generally accepted accounting principles.

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 a 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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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.

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

Cincinnati, Ohio
June 22, 2017

**VILLAGE OF GREENHILLS
HAMILTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2015**

Finding Number	Finding Summary	Fully Corrected?	Status Explanation
2014-01	Internal controls over financial reporting-audit adjustments.	Yes	Condition not applicable to current audit period.



Dave Yost • Auditor of State

VILLAGE OF GREENHILLS

HAMILTON 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
AUGUST 8, 2017