



Dave Yost • Auditor of State

VILLAGE OF GREENWICH
HURON COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Village of Greenwich
Huron County
45 Main Street
Greenwich, Ohio 44837

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Greenwich, Huron County, Ohio (the Village) as of and for the years ended December 31, 2017 and 2016.

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 such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

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

As described in Note 2 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38

and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2017 and 2016, and the respective changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Village of Greenwich, Huron County, Ohio as of December 31, 2017 and 2016, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2018, 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

November 15, 2018

Village of Greenwich
Huron County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2017

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$159,595	\$51,315		\$210,910
Municipal Income Tax	227,392	88,806		316,198
Intergovernmental	64,683	67,779	\$50,618	183,080
Special Assessments		250		250
Charges for Services		4,450		4,450
Fines, Licenses and Permits	78,331	649		78,980
Earnings on Investments	3,623	140		3,763
Miscellaneous	11,821	1,480		13,301
<i>Total Cash Receipts</i>	<u>545,445</u>	<u>214,869</u>	<u>50,618</u>	<u>810,932</u>
Cash Disbursements				
Current:				
Security of Person's and Property	354,525			354,525
Public Health Services	653	12,364		13,017
Leisure Time Activities	2,804	28,304		31,108
Transportation		52,286		52,286
General Government	134,874	17,032		151,906
Capital Outlay		58,159	65,738	123,897
<i>Total Cash Disbursements</i>	<u>492,856</u>	<u>168,145</u>	<u>65,738</u>	<u>726,739</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>52,589</u>	<u>46,724</u>	<u>(15,120)</u>	<u>84,193</u>
Other Financing Receipts (Disbursements)				
Other Debt Proceeds			15,120	15,120
Other Financing Uses	(24,200)			(24,200)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(24,200)</u>		<u>\$15,120</u>	<u>(9,080)</u>
<i>Net Change in Fund Cash Balances</i>	28,389	46,724		75,113
<i>Fund Cash Balances, January 1</i>	<u>321,780</u>	<u>271,642</u>		<u>593,422</u>
Fund Cash Balances, December 31				
Restricted		318,366		318,366
Assigned	294,077			294,077
Unassigned	56,092			56,092
<i>Fund Cash Balances, December 31</i>	<u>\$350,169</u>	<u>\$318,366</u>		<u>\$668,535</u>

See accompanying notes to the basic financial statements

Village of Greenwich
Huron County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Proprietary and Fiduciary Fund Types
For the Year Ended December 31, 2017

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$2,383,694	\$1	\$2,383,695
Miscellaneous	26,773		26,773
<i>Total Operating Cash Receipts</i>	<u>2,410,467</u>	<u>1</u>	<u>2,410,468</u>
Operating Cash Disbursements			
Personal Services	233,178		233,178
Employee Fringe Benefits	111,431		111,431
Contractual Services	1,638,330		1,638,330
Supplies and Materials	236,000		236,000
<i>Total Operating Cash Disbursements</i>	<u>2,218,939</u>		<u>2,218,939</u>
<i>Operating Income</i>	<u>191,528</u>	<u>1</u>	<u>191,529</u>
Non-Operating Receipts (Disbursements)			
Property and Other Local Taxes	683	2,889	3,572
Intergovernmental		304	304
Miscellaneous Receipts	77		77
Capital Outlay	(45,280)		(45,280)
Principal Retirement	(82,506)		(82,506)
Interest and Other Fiscal Charges	(1,398)		(1,398)
Other Financing Uses		(3,093)	(3,093)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(128,424)</u>	<u>100</u>	<u>(128,324)</u>
<i>Net Change in Fund Cash Balances</i>	63,104	101	63,205
<i>Fund Cash Balances, January 1</i>	<u>2,375,819</u>	<u>2,505</u>	<u>2,378,324</u>
<i>Fund Cash Balances, December 31</i>	<u>\$2,438,923</u>	<u>\$2,606</u>	<u>\$2,441,529</u>

See accompanying notes to the basic financial statements

Village of Greenwich
Huron County
Notes to the Financial Statements
For the Year Ended December 31, 2017

Note 1 - Reporting Entity

The Village of Greenwich, Huron County, Ohio (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. A publicly-elected six-member Council directs the Village. The Village provides general government, street construction, repair, and maintenance, public health services, water, sewer, and electric utilities, park operations, and police services.

The Village participates in two jointly governed organizations and the Public Entities Pool of Ohio public entity risk pool. Notes 6 and 10 to the financial statements provide additional information for these entities. These organizations are:

Jointly Governed Organizations:

Tri-Community Joint Fire District provides fire protection and rescue services.

Tri-Community Ambulance District provides emergency medical services.

Public Entity Risk Pool:

Public Entities Pool of Ohio provides property and casualty coverage for its members.

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

Street Construction Maintenance and Repair The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Village of Greenwich
Huron County
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

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

Other Capital Projects Fund The Village received a grant and loan from the state for capital improvements. These proceeds are restricted for capital improvements.

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

Electric Operating Fund This fund receives charges for services from residents and outside users to cover the cost of providing this utility.

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

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency funds account for monies received from insurance companies and subsequently disbursed to property owners net of any costs incurred to repair, remove, or secure the building or other structure and library levy proceeds collected on behalf of and remitted to Huron County Community Library.

Basis of Accounting

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

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

Budgetary Process

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

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

Village of Greenwich
Huron County
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

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

Encumbrances The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Village did not encumber all commitments required by Ohio law.

A summary of 2017 budgetary activity appears in Note 3.

Deposits and Investments

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

Capital Assets

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

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

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

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

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

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

Village of Greenwich
Huron County
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

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

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Note 3 - Budgetary Activity

Budgetary activity for the year ending December 31, 2017 follows:

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$403,678	\$545,445	\$141,767
Special Revenue	396,233	214,869	(181,364)
Capital Projects		65,738	65,738
Enterprise	1,870,279	2,411,227	540,948
Total	\$2,670,190	\$3,237,279	\$567,089

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$710,579	\$517,237	\$193,342
Special Revenue	687,480	168,167	519,313
Capital Projects	65,738	65,738	
Enterprise	4,240,819	2,358,745	1,882,074
Total	\$5,704,616	\$3,109,887	\$2,594,729

Note 4 – Deposits

The Village maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31, 2017 was as follows:

Village of Greenwich
Huron County
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

	<u>2017</u>
Demand deposits	\$76,082
Certificates of deposit	631,258
Other time deposits (savings accounts)	<u>2,402,724</u>
Total deposits	<u><u>\$3,110,064</u></u>

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Village.

Note 5 – Taxes

Property Taxes

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

Public utilities are also taxed on personal and real property located within the Village.

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

Income Taxes

The Village levies a municipal income tax of 1 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.

Note 6 - Risk Management

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

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

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Insurance Services Group, Inc. (York) functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by York. Member governments pay annual

Village of Greenwich
Huron County
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2017, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP's financial statements (audited by other auditor's) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2017.

	<u>2017</u>
Assets	\$44,452,326
Liabilities	(13,004,011)
Net Position	\$31,448,315

At December 31, 2017 the liabilities above include approximately \$11.8 million of estimated incurred claims payable. The assets above also include approximately \$11.2 million of unpaid claims to be billed. The Pool's membership increased to 527 members in 2017. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2017, the Village's share of these unpaid claims collectible in future years is approximately \$20,000.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u>2017 Contributions to PEP</u> \$31,595
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After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

Village of Greenwich
Huron County
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% 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, 2017.

Ohio Police and Fire Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2017.

Social Security

Several of the Village's officials contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2017.

Note 8 - Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017. OP&F contributes 0.5 percent to fund these benefits.

Village of Greenwich
Huron County
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

Note 9 – Debt

Debt outstanding at December 31, 2017 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loans	\$457,112	0 - 3.49%
Ohio Public Works Commission Loans	360,361	0%
Total	\$817,473	

The Ohio Water Development Authority (OWDA) loans relate to the construction of a water tower, a sewer separation project, and sewer improvements. The loans will be repaid in semiannual installments of \$11,282, \$1,589, and \$11,621, respectively, including interest, as applicable, over 20 years. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Public Works Commission (OPWC) zero interest loans relate to a sanitary collector line replacement, a storm sewer separation, a water line improvement, and sanitary sewer separation and improvement projects. The loans will be repaid in semiannual installments of \$3,047, \$3,750, \$1,929, \$1,463, \$3,811, and \$3,700 over 20 to 25 years. The Village has agreed to set utility rates sufficient to cover the OPWC debt service requirements.

Amortization

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

Year Ending December 31:	OWDA Loans	OPWC Loans
2018	\$24,492	\$16,238
2019	48,983	29,306
2020	48,983	29,306
2021	48,983	29,306
2022	37,702	29,306
2023-2027	132,100	110,635
2028-2032	122,563	60,444
2033-2037		37,000
2038		18,820
Total	\$463,806	\$360,361

Note 10 – Jointly Governed Organizations

Tri-Community Ambulance District

The Village of Greenwich, Greenwich Township, and Ripley Township each appoint a member to the Board of Trustees of Tri-Community Ambulance District (the Ambulance District). The Ambulance

Village of Greenwich
Huron County
Notes to the Financial Statements
For the Year Ended December 31, 2017
(Continued)

District provides emergency medical services to residents of these political subdivisions. Financial information can be obtained from Traci Montgomery, Clerk, Tri-Community Ambulance District, 3720 Edwards Road, Greenwich, Ohio 44837.

Tri-Community Joint Fire District

The Village of Greenwich, Greenwich Township, and Ripley Township each appoint a member to the Board of Trustees of Tri-Community Joint Fire District (the Fire District). The Fire District provides the fire protection and rescue services within the Fire District and by contract to areas outside of the Fire District. Financial information can be obtained from Lisa Madison, Clerk, Tri-Community Joint Fire District, 49 Main Street, Greenwich, Ohio 44837.

Village of Greenwich
Huron County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2016

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$163,805	\$50,949	\$214,754
Municipal Income Tax	181,307	73,223	254,530
Intergovernmental	63,188	83,682	146,870
Charges for Services		4,840	4,840
Fines, Licenses and Permits	91,194	72	91,266
Earnings on Investments	3,381	189	3,570
Miscellaneous	11,691	8,029	19,720
<i>Total Cash Receipts</i>	<u>514,566</u>	<u>220,984</u>	<u>735,550</u>
Cash Disbursements			
Current:			
Security of Person's and Property	346,353	790	347,143
Public Health Services	1,355	13,403	14,758
Leisure Time Activities	999	18,909	19,908
Transportation		194,666	194,666
General Government	147,133	16,962	164,095
Capital Outlay	4,000	533	4,533
<i>Total Cash Disbursements</i>	<u>499,840</u>	<u>245,263</u>	<u>745,103</u>
<i>Net Change in Fund Cash Balances</i>	14,726	(24,279)	(9,553)
<i>Fund Cash Balances, January 1</i>	<u>307,054</u>	<u>295,921</u>	<u>602,975</u>
Fund Cash Balances, December 31			
Restricted		271,642	271,642
Assigned	300,850		300,850
Unassigned	20,930		20,930
<i>Fund Cash Balances, December 31</i>	<u>\$321,780</u>	<u>\$271,642</u>	<u>\$593,422</u>

See accompanying notes to the basic financial statements

Village of Greenwich
Huron County, Ohio
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Proprietary and Fiduciary Fund Types
For the Year Ended December 31, 2016

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$2,287,092	\$1	\$2,287,093
Fines, Licenses and Permits	30		\$30
Miscellaneous	8,335		8,335
<i>Total Operating Cash Receipts</i>	<u>2,295,457</u>	<u>1</u>	<u>2,295,458</u>
Operating Cash Disbursements			
Personal Services	205,911		205,911
Employee Fringe Benefits	108,230		108,230
Contractual Services	1,428,557		1,428,557
Supplies and Materials	161,637		161,637
<i>Total Operating Cash Disbursements</i>	<u>1,904,335</u>		<u>1,904,335</u>
<i>Operating Income</i>	<u>391,122</u>	<u>1</u>	<u>391,123</u>
Non-Operating Receipts (Disbursements)			
Property and Other Local Taxes	680	2,798	3,478
Intergovernmental		305	305
Miscellaneous Receipts	22,041		22,041
Capital Outlay	(112,210)		(112,210)
Principal Retirement	(102,512)		(102,512)
Interest and Other Fiscal Charges	(5,452)		(5,452)
Other Financing Uses		(3,033)	(3,033)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(197,453)</u>	<u>70</u>	<u>(197,383)</u>
<i>Net Change in Fund Cash Balances</i>	193,669	71	193,740
<i>Fund Cash Balances, January 1</i>	<u>2,182,150</u>	<u>2,434</u>	<u>2,184,584</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$2,375,819</u></u>	<u><u>\$2,505</u></u>	<u><u>\$2,378,324</u></u>

See accompanying notes to the basic financial statements

Village of Greenwich
Huron County
Notes to the Financial Statements
For the Year Ended December 31, 2016

Note 1 - Reporting Entity

The Village of Greenwich, Huron County, Ohio (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. A publicly-elected six-member Council directs the Village. The Village provides general government, street construction, repair, and maintenance, public health services, water, sewer, and electric utilities, park operations, and police services.

The Village participates in two jointly governed organizations and the Public Entities Pool of Ohio public entity risk pool. Notes 6 and 10 to the financial statements provide additional information for these entities. These organizations are:

Jointly Governed Organizations:

Tri-Community Joint Fire District provides fire protection and rescue services.

Tri-Community Ambulance District provides emergency medical services.

Public Entity Risk Pool:

Public Entities Pool of Ohio provides property and casualty coverage for its members.

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

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

Street Construction Maintenance and Repair The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Village of Greenwich
Huron County
Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

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

Electric Operating Fund This fund receives charges for services from residents and outside users to cover the cost of providing this utility.

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

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency funds account for monies received from insurance companies and subsequently disbursed to property owners net of any costs incurred to repair, remove, or secure the building or other structure and library levy proceeds collected on behalf of and remitted to Huron County Community Library.

Basis of Accounting

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

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

Budgetary Process

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

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

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

Encumbrances The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Village did not encumber all commitments required by Ohio law.

Village of Greenwich
Huron County
Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

A summary of 2016 budgetary activity appears in Note 3.

Deposits and Investments

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

Capital Assets

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

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

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

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

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

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

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

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then

Village of Greenwich
Huron County
Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Note 3 - Budgetary Activity

Budgetary activity for the year ending December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$382,915	\$514,566	\$131,651
Special Revenue	389,592	220,984	(168,608)
Enterprise	1,859,000	2,318,178	459,178
Total	\$2,631,507	\$3,053,728	\$422,221

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$657,076	\$505,891	\$151,185
Special Revenue	723,773	246,099	477,674
Enterprise	4,035,871	2,133,341	1,902,530
Total	\$5,416,720	\$2,885,331	\$2,531,389

Note 4 – Deposits

The Village maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31, 2016 was as follows:

	2016
Demand deposits	\$57,373
Certificates of deposit	630,250
Other time deposits (savings accounts)	2,284,123
Total deposits	\$2,971,746

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Village.

Village of Greenwich
Huron County
Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

Note 5 – Taxes

Property Taxes

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

Public utilities are also taxed on personal and real property located within the Village.

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

Income Taxes

The Village levies a municipal income tax of 1 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.

Note 6 - Risk Management

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

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

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Insurance Services Group, Inc. (York) functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by York. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2016, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Village of Greenwich
Huron County
Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

Financial Position

PEP's financial statements (audited by other auditor's) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2016.

	<u>2016</u>
Assets	\$42,182,281
Liabilities	<u>(13,396,700)</u>
Net Position	<u>\$28,785,581</u>

At December 31, 2016 the liabilities above include approximately 12.0 million of estimated incurred claims payable. The assets above also include approximately \$11.5 million of unpaid claims to be billed. The Pool's membership increased to 520 members in 2016. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2016, the Village's share of these unpaid claims collectible in future years is approximately \$20,000.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u>2016 Contributions to PEP</u>
\$32,035

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2016.

Village of Greenwich
Huron County
Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

Ohio Police and Fire Retirement System

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members’ wages. The Village has paid all contributions required through December 31, 2016.

Social Security

Several of the Village’s officials contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participants’ gross salaries. The Village has paid all contributions required through December 31, 2016.

Note 8 - Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2016. OP&F contributes 0.5 percent to fund these benefits.

Note 9 – Debt

Debt outstanding at December 31, 2016 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loans	\$502,676	0 - 3.49%
Ohio Public Works Commission Loans	380,641	0%
Total	\$883,317	

The Ohio Water Development Authority (OWDA) loans relate to the construction of a water tower, a sewer separation project, and sewer improvements. The loans will be repaid in semiannual installments of \$11,282, \$1,589, and \$11,621, respectively, including interest, as applicable, over 20 years. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Public Works Commission (OPWC) zero interest loans relate to a sanitary collector line replacement, a storm sewer separation, a water line improvement, and sanitary sewer separation and improvement projects. The loans will be repaid in semiannual installments of \$3,047, \$3,750, \$1,929, \$1,463, \$3,811, and \$3,700 over 20 to 25 years. The Village has agreed to set utility rates sufficient to

Village of Greenwich
Huron County
Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

cover the OPWC debt service requirements.

Amortization

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

Year Ending December 31:	OWDA Loans	OPWC Loans
2017	\$24,492	\$17,700
2018	48,983	33,938
2019	48,983	29,306
2020	48,983	29,306
2021	48,983	29,306
2022-2026	143,381	121,993
2027-2031	125,742	70,993
2032-2036	23,241	37,000
2037-2038		11,099
Total	\$512,788	\$380,641

The Village is a member of American Municipal Power (AMP) and has participated in the AMP Generating Station (AMPGS) Project. This project intended to develop a pulverized coal power plant in Meigs County, Ohio. The Village's share was 800 kilowatts of a total 771,281 kilowatts, giving the Village a 10 percent share. The AMPGS Project required participants to sign "take or pay" contracts with AMP. As such, the participants are obligated to pay any costs incurred for the project. In November 2009, the participants voted to terminate the AMPGS Project due to projected escalating costs. These costs were therefore deemed *impaired* and participants were obligated to pay costs already incurred. In prior years, the payment of these costs was not considered probable due to AMP's pursuit of legal action to void them. As a result of a March 31, 2014 legal ruling, the AMP Board of Trustees on April 15, 2014 and the AMPGS participants on April 16, 2014 approved the collection of the impaired costs and provided the participants with an estimate of their liability. The Village's estimated share at March 31, 2014 of the impaired costs is \$138,913. The Village received a credit of \$33,313 related to their participation in the AMP Fremont Energy Center (AFEC) Project, and another credit of \$36,180 related to the AMPGS costs deemed to have future benefit for the project participants, leaving a net impaired cost estimate of \$69,420. AMP financed these costs on its revolving line of credit. Any additional costs (including line-of-credit interest and legal fees) or amounts received related to the project will impact the Village's payments. These amounts will be recorded as they become estimable. The Village made payments in 2016 totaling \$1,262, leaving a net impaired cost estimate of \$0 at December 31, 2016.

Note 10 – Jointly Governed Organizations

Tri-Community Ambulance District

The Village of Greenwich, Greenwich Township, and Ripley Township each appoint a member to the Board of Trustees of Tri-Community Ambulance District (the Ambulance District). The Ambulance District provides emergency medical services to residents of these political subdivisions. Financial information can be obtained from Traci Montgomery, Clerk, Tri-Community Ambulance District, 3720 Edwards Road, Greenwich, Ohio 44837.

Village of Greenwich
Huron County
Notes to the Financial Statements
For the Year Ended December 31, 2016
(Continued)

Tri-Community Joint Fire District

The Village of Greenwich, Greenwich Township, and Ripley Township each appoint a member to the Board of Trustees of Tri-Community Joint Fire District (the Fire District). The Fire District provides the fire protection and rescue services within the Fire District and by contract to areas outside of the Fire District. Financial information can be obtained from Lisa Madison, Clerk, Tri-Community Joint Fire District, 49 Main Street, Greenwich, Ohio 44837.



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 Greenwich
Huron County
45 Main Street
Greenwich, Ohio 44837

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Greenwich, Huron County, Ohio, (the Village) as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements and have issued our report thereon dated November 15, 2018, 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 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider a material weakness and significant deficiencies.

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. We consider finding 2017-001 described in the accompanying schedule of findings to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2017-002 described in the accompanying schedule of findings to be a significant deficiency.

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*.

Village's Response to Findings

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

Purpose of this Report

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



Dave Yost
Auditor of State

Columbus, Ohio

November 15, 2018

**VILLAGE OF GREENWICH
HURON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2017 AND 2016**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2017-001

Material Weakness – Financial Reporting

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

We identified the following errors requiring adjustment to the financial statements and/or notes to the financial statements for the year ended December 31, 2017:

- Budgeted receipts in the General Fund, Special Revenue Fund Type, and Enterprise Fund Type were increased \$403,678, \$396,233, and \$1,870,279, respectively, in order to bring the notes to the financial statements in line with authorized budget amounts;
- Budgeted expenditures in the General Fund, Special Revenue Fund Type, and Enterprise Fund Type were increased \$710,579, \$687,480, and \$4,240,819, respectively, in order to bring the notes to the financial statements in line with authorized budget amounts;
- Budgeted actual receipts in the General Fund, Special Revenue Fund Type, and Enterprise Fund Type were increased \$508,981, \$507,586, and \$2,475,291, respectively, in order to bring the notes to the financial statements in line with authorized budget amounts;
- Budgeted actual expenditures in the General Fund, Special Revenue Fund Type, and Enterprise Fund Type were increased \$517,237, \$218,738, and \$2,422,909, respectively, in order to bring the notes to the financial statements in line with authorized budget amounts;
- Capital Outlay expenditures and Intergovernmental revenues in the Capital Project Fund Type were both understated by \$48,936, this was an on behalf of payment made directly to the vendor from Ohio Public Works Commission;
- Capital Outlay expenditures and Other Debt Proceeds in the Capital Project Fund Type were both understated by \$15,120, the Village did not record debt proceeds from Ohio Public Works Commission; and
- Library Levy Fund activity, including receipts (\$3,194), disbursements (\$3,093), opening fund balance (\$445), and ending fund balance (\$546) was reclassified from Special Revenue Fund Type to Fiduciary Fund Type (Agency Fund) to accurately reflect fund type classification in accordance with Government Accounting Standards Board Statement No. 54.

**FINDING NUMBER 2017-001
(Continued)**

We identified the following errors requiring adjustment to the financial statements and/or notes to the financial statements for the year ended December 31, 2016:

- Budgeted receipts in the General Fund, Special Revenue Fund Type, and Enterprise Fund Type were increased \$382,915, \$389,592, and \$1,859,000, respectively, in order to bring the notes to the financial statements in line with authorized budget amounts;
- Budgeted expenditures in the General Fund, Special Revenue Fund Type, and Enterprise Fund Type were increased \$657,076, \$723,773, and \$4,035,871, respectively, in order to bring the notes to the financial statements in line with authorized budget amounts;
- Budgeted actual receipts in the General Fund, Special Revenue Fund Type, and Enterprise Fund Type were increased \$476,462, \$471,833, and \$2,387,009, respectively, in order to bring the notes to the financial statements in line with authorized budget amounts;
- Budgeted actual expenditures in the General Fund, Special Revenue Fund Type, and Enterprise Fund Type were increased \$484,774, \$514,892, and \$2,202,172, respectively, in order to bring the notes to the financial statements in line with authorized budget amounts; and
- Library Levy Fund activity, including receipts (\$3,104), disbursements (\$3,033), opening fund balance (\$374), and ending fund balance (\$445) was reclassified from Special Revenue Fund Type to Fiduciary Fund Type (Agency Fund) to accurately reflect fund type classification in accordance with Government Accounting Standards Board Statement No. 54.

These errors were not identified and corrected prior to the Village preparing its financial statements due to deficiencies in the Village's internal controls over financial statement monitoring. The accompanying financial statements and notes to the financial statements have been adjusted to reflect these changes. Additional insignificant errors were also noted for the fiscal years ended December 31, 2017 and 2016.

To help ensure the Village's financial statements and notes to the statements are complete and accurate and to help identify and correct errors and omissions, the Village should adopt policies and procedures, including a final review of the statements and notes by the Fiscal Officer. The Fiscal Officer can refer to the Village Officer's Handbook for guidance on the recording of transactions:
<https://ohioauditor.gov/publications/VillageOfficerManual%203-1-18.pdf>.

Officials' Response:

The Fiscal Officer will perform a final review as part of the month end closing to determine if transactions have been recorded to the appropriate accounts.

FINDING NUMBER 2017-002

Significant Deficiency

The Village's management is responsible for designing, implementing and maintaining internal controls. The Village has not established a formal policy over non-cash adjustments to customer accounts. Furthermore, non-cash adjustments are posted to customer accounts by the Utility Clerk with no documented independent approval or review.

The lack of an independent review and approval for non-cash adjustments with an appropriate trail of evidence may result in improper billings with the Village not billing and receiving the correct amounts due, as well as increasing the susceptibility for misappropriation of assets, as lapping could occur and go undetected.

The Village should develop a written policy over non-cash adjustments made to a customer accounts, including limitations on the amounts that can be adjusted as well as the approval process for such adjustments. The Village should also develop a formal review process over non-cash adjustments with an independent documented review. The documentation of adjustments, along with the approval and review, should be retained for audit.

Officials' Response:

Starting Tuesday November 6, 2018, I will have utility clerk start doing non-cash adjustment reports for council to sign.

VILLAGE OF GREENWICH

Wesley E. Sallee, MAYOR

MUNICIPAL BUILDING

45 MAIN STREET
GREENWICH, OHIO 44837
PHONE (419) 752-2441
FAX (419) 752-1903
Email: mayor@villageofgreenwich.com

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS DECEMBER 31, 2017 AND 2016

Finding Number	Finding Summary	Status	Additional Information
2015-001	Material weakness over financial reporting errors.	Not corrected and reissued as finding 2017-001 in this report.	See Officials' Response to finding 2017-001. Additional errors occurred were not detected. Management is aware and understands the importance of the information presented on the financial statements and will ensure revenues will be accurately identified and reported.
2015-002	Significant deficiency over service organization not having a SOC 1.	Partially corrected and repeated in the Management Letter.	Village was able to obtain detailed support for revenue received. Reduced to a Management Letter comment.



Dave Yost • Auditor of State

VILLAGE OF GREENWICH

HURON 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
DECEMBER 4, 2018