



OHIO AUDITOR OF STATE
KEITH FABER



VILLAGE OF GREENHILLS
HAMILTON COUNTY

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OHIO AUDITOR OF STATE KEITH FABER



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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 cash balances, receipts and disbursements by fund type, and related notes of the Village of Greenhills, Hamilton County, Ohio (the Village) as of and for the years ended December 31, 2018 and 2017.

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, 2018 and 2017, and the respective changes in financial position 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 Greenhills, Hamilton County as of December 31, 2018 and 2017, 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 October 21, 2019, 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.



Keith Faber
Auditor of State

Columbus, Ohio

October 21, 2019

VILLAGE OF GREENHILLS, HAMILTON COUNTY
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2018

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals (Memorandum)</u>
Cash Receipts					
Property and Other Taxes	\$376,728	\$696,416	\$36,732	\$0	\$1,109,876
Municipal Income Tax	1,200,144	0	0	0	1,200,144
Intergovernmental	227,616	329,481	5,809	0	562,906
Special Assessments	502	0	0	52,211	52,713
Charges for Services	370,337	178,387	0	0	548,724
Fines, Licenses and Permits	91,439	14,741	0	0	106,180
Earnings on Investments	11,461	22	4,047	0	15,530
Miscellaneous	45,796	6,025	7	0	51,828
<i>Total Cash Receipts</i>	<u>2,324,023</u>	<u>1,225,072</u>	<u>46,595</u>	<u>52,211</u>	<u>3,647,901</u>
Cash Disbursements					
Current:					
Security of Persons & Property	37,414	1,001,680	0	0	1,039,094
Leisure Time Activities	0	295,319	0	93,948	389,267
Community Environment	36,968	0	0	0	36,968
Basic Utility Services	239,877	0	0	0	239,877
Transportation	0	205,523	0	0	205,523
General Government	1,140,785	5,759	546	0	1,147,090
Capital Outlay	146,805	0	0	0	146,805
Debt Service:					
Principal Retirement	0	18,978	269,682	0	288,660
Interest and Fiscal Charges	0	12,443	43,244	0	55,687
<i>Total Cash Disbursements</i>	<u>1,601,849</u>	<u>1,539,702</u>	<u>313,472</u>	<u>93,948</u>	<u>3,548,971</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>722,174</u>	<u>(314,630)</u>	<u>(266,877)</u>	<u>(41,737)</u>	<u>98,930</u>
Other Financing Receipts (Disbursements)					
Sale of Capital Assets	0	24,000	0	0	24,000
Transfers In	0	403,000	266,000	0	669,000
Transfers Out	(669,000)	0	0	0	(669,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(669,000)</u>	<u>427,000</u>	<u>266,000</u>	<u>0</u>	<u>24,000</u>
<i>Net Change in Fund Cash Balances</i>	53,174	112,370	(877)	(41,737)	122,930
<i>Fund Cash Balances, January 1</i>	<u>\$1,163,559</u>	<u>\$768,237</u>	<u>\$84,921</u>	<u>\$72,124</u>	<u>\$2,088,841</u>
Fund Cash Balances, December 31					
Restricted	0	880,607	80,600	15,676	976,883
Committed	27,036	0	0	14,711	41,747
Assigned	10,047	0	3,444	0	13,491
Unassigned (Deficit)	1,179,650	0	0	0	1,179,650
<i>Fund Cash Balances, December</i>	<u>\$1,216,733</u>	<u>\$880,607</u>	<u>\$84,044</u>	<u>\$30,387</u>	<u>\$2,211,771</u>

See accompanying notes to the basic financial statements

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

	Fiduciary Fund Type
	Agency
Operating Cash Receipts	
<i>Total Operating Cash Receipts</i>	\$0
Operating Cash Disbursements	
<i>Total Operating Cash Disbursements</i>	0
<i>Operating Income (Loss)</i>	0
Non-Operating Receipts (Disbursements)	
Other Financing Sources	102,947
Other Financing Uses	(102,947)
<i>Total Non-Operating Receipts (Disbursements)</i>	0
<i>Net Change in Fund Cash Balances</i>	0
<i>Fund Cash Balances, January 1</i>	261
<i>Fund Cash Balances, December 31</i>	\$261

See accompanying notes to the basic financial statements

**VILLAGE OF GREENHILLS
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Note 1 - Reporting Entity

The Village of Greenhills (the Village), Hamilton County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly elected six-member Council directs the Village. The Village provides police protection, parks and recreation, building inspection, street maintenance and repairs, and refuse collection. The Village contracts with the Greenhills Volunteer Fire Department to receive fire protection services.

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, providing the balance is expended or transferred according to the general laws of Ohio.

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

Street Maintenance and Repair The Street Maintenance and Repair fund accounts receive proceeds from property tax revenues, State gasoline tax and motor vehicle license registration fees restricted for maintenance and repair of streets within the Village.

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.

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Funds:

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 issued with the voters' permission.

Non-Voted Debt Fund The Non-Voted Debt accounts for disbursement of debt service obligations to bond and note obligations that were approved by action of the Village Council. Revenues for this fund consist of General Fund Transfers-In and interest.

**VILLAGE OF GREENHILLS
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

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

Shade Tree Assessment Fund – This fund receives assessments to help maintain Village trees along Village roadways.

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 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 fund accounts for Mayor's Court revenue and disbursement activity.

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 (disbursements and encumbrances) may not exceed appropriations at the fund, department/division, and within each, the amount appropriated for personal services 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.

**VILLAGE OF GREENHILLS
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

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

A summary of 2018 budgetary activity appears in Note 3.

Deposits and Investments

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

Money market mutual funds are recorded at share values the mutual funds report. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

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 divides 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 *non-spendable* 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.

**VILLAGE OF GREENHILLS
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

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

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

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

Note 3 - Budgetary Activity

Budgetary activity for the year ending 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,974,529	\$2,324,020	\$349,491
Special Revenue	1,546,624	1,652,071	105,447
Debt Service	311,500	312,596	1,096
Capital Projects	50,000	52,211	2,211
Total	\$3,882,653	\$4,340,898	\$458,245

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,525,462	\$2,299,206	\$226,256
Special Revenue	1,704,569	1,554,135	150,434
Debt Service	313,785	313,472	313
Capital Projects	104,280	93,947	10,333
Total	\$4,648,096	\$4,260,760	\$387,336

**VILLAGE OF GREENHILLS
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

Note 4 – Deposits and Investments

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

	<u>2018</u>
Demand deposits	<u>\$2,212,032</u>
Total Deposits	<u>2,212,032</u>

Deposits

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

The Village's deposits are collateralized by the financial institution's public entity deposit pool. The financial institution is in the process of joining OPCS; however, at December 31, 2018, the financial institution still maintained its own collateral pool.

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 reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

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 one and one half percent income tax on substantially all earned income in the Village. In addition, Village residents employed in municipalities having an income tax can receive a credit 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 pay the cost of administering the tax, general fund operations, capital improvements, debt service and other governmental functions as determined by Council. In 2018, the receipts were allocated to the general fund.

**VILLAGE OF GREENHILLS
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

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, 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 \$28,000.

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.

**VILLAGE OF GREENHILLS
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

Note 6 - Risk Management (Continued)

2017 Contributions to PEP
\$44,831

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.

The time period of the information reported is the most recent information available at the time the footnotes were prepared.

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some 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, 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, 2018.

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, survivor and disability benefits. Members contributed 12% of their gross salaries and the Village contributed an amount equaling 19.50% of participants' gross salaries.

Social Security

Some Village elected 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, 2018.

**VILLAGE OF GREENHILLS
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

Note 8 - Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2018. OP&F contributes 0.5 percent to fund these benefits.

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

Note 9 – Debt

Debt outstanding at December 31, 2018 was as follows:

	Principal	Interest Rate
Redevelopment Bonds 2005 - Refunded 2015	\$255,000	4.25%
Redevelopment Bonds 2002 - Refunded 2012	\$310,005	2.50%
Redevelopment Bonds 2008	\$315,000	4.35%-4.65%
Fire Truck Lease	\$328,367	3.57%
Total	<u>\$1,208,372</u>	

The 2002 Redevelopment Bonds totaling \$1,200,000 are for the purpose of acquiring and redeveloping property within the Village. The remaining balances of the 2002 issue were refunded during 2012 through the issuance of refunding bonds, Series 2012 totaling \$770,000.

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

The 2005 Redevelopment Bonds were originally issued for a total of \$380,000 for the purpose of retiring the remaining outstanding balance of the 2005 Redevelopment Bonds. The 2005 Redevelopment Bonds were issued to acquire and redevelop property within the Village, supported by a bond levy passed by Village voters in 2004.

The Village's taxing authority collateralized the bonds.

Leases

The Fire Truck Lease was signed in 2016, with the vehicle delivery occurring in 2017. The fire truck is for use by the Greenhills Volunteer Fire Department. The Village disbursed \$31,420 to pay lease costs for the year ended December 31, 2018.

**VILLAGE OF GREENHILLS
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)**

Note 9 – Debt (Continued)

Amortization

The Amortization Schedule of the above debt, including interest, follows:

Year Ending December 31:	Leases	Redevelopment 2005	Redevelopment 2002	Redevelopment 2008
2019	\$31,421	\$50,838	\$83,834	\$104,648
2020	31,421	44,138	83,834	115,463
2021	31,421	47,650	83,834	65,580
2022	31,421	50,950	75,851	62,790
2023-2027	157,104	100,950	0	0
2028-2032	141,390	0	0	0
Total	<u>\$424,178</u>	<u>\$294,526</u>	<u>\$327,353</u>	<u>\$348,481</u>

Note 10 – Contingent Liabilities

In 2018, the Village was a defendant in two lawsuits. The Village has filed for dismissals of both cases. Management believes that the resolution of these matters will not materially adversely affect the Village's financial condition.

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VILLAGE OF GREENHILLS, HAMILTON COUNTY
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2017

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals (Memorandum)</u>
Cash Receipts					
Property and Other Taxes	\$353,470	\$678,249	\$75,734	\$0	\$1,107,453
Municipal Income Tax	1,134,425	0	0	0	1,134,425
Intergovernmental	109,976	248,280	12,301	0	370,557
Special Assessments	2,640	0	0	51,225	53,865
Charges for Services	337,125	170,270	0	0	507,395
Fines, Licenses and Permits	124,737	18,107	0	0	142,844
Earnings on Investments	4,173	16	1,610	0	5,799
Miscellaneous	55,556	9,411	13	0	64,980
<i>Total Cash Receipts</i>	<u>2,122,102</u>	<u>1,124,333</u>	<u>89,658</u>	<u>51,225</u>	<u>3,387,318</u>
Cash Disbursements					
Current:					
Security of Persons & Property	38,514	958,057	0	0	996,571
Leisure Time Activities	0	323,444	0	28,620	352,064
Community Environment	69,588	0	0	0	69,588
Basic Utility Services	277,141	0	0	0	277,141
Transportation	0	122,695	0	0	122,695
General Government	928,676	3,022	1,056	0	932,754
Capital Outlay	33,952	358,153	0	9,525	401,630
Debt Service:					
Principal Retirement	0	10,808	487,412	0	498,220
Interest and Fiscal Charges	0	4,902	58,647	0	63,549
<i>Total Cash Disbursements</i>	<u>1,347,871</u>	<u>1,781,081</u>	<u>547,115</u>	<u>38,145</u>	<u>3,714,212</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>774,231</u>	<u>(656,748)</u>	<u>(457,457)</u>	<u>13,080</u>	<u>(326,894)</u>
Other Financing Receipts (Disbursements)					
Other Debt Proceeds	0	358,151	0	0	358,151
Transfers In	0	405,000	309,000	0	714,000
Transfers Out	(714,000)	0	0	0	(714,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(714,000)</u>	<u>763,151</u>	<u>309,000</u>	<u>0</u>	<u>358,151</u>
<i>Net Change in Fund Cash Balances</i>	<u>60,231</u>	<u>106,403</u>	<u>(148,457)</u>	<u>13,080</u>	<u>31,257</u>
<i>Fund Cash Balances, January 1</i>	<u>\$1,103,328</u>	<u>\$661,834</u>	<u>\$233,378</u>	<u>\$59,044</u>	<u>\$2,057,584</u>
Fund Cash Balances, December 31					
Restricted	0	768,237	84,129	57,413	909,779
Committed	306,275	0	0	14,711	320,986
Assigned	107,796	0	792	0	108,588
Unassigned (Deficit)	749,488	0	0	0	749,488
<i>Fund Cash Balances, December 31</i>	<u>\$1,163,559</u>	<u>\$768,237</u>	<u>\$84,921</u>	<u>\$72,124</u>	<u>\$2,088,841</u>

See accompanying notes to the basic financial statements

Village of Greenhills, Ohio
Hamilton County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Fiduciary Fund Type
For the Year Ended December 31, 2017

	Fiduciary Fund Type
	Agency
Operating Cash Receipts	
<i>Total Operating Cash Receipts</i>	\$0
Operating Cash Disbursements	
<i>Total Operating Cash Disbursements</i>	0
<i>Operating Income (Loss)</i>	0
Non-Operating Receipts (Disbursements)	
Other Financing Sources	147,019
Other Financing Uses	(147,019)
<i>Total Non-Operating Receipts (Disbursements)</i>	0
<i>Net Change in Fund Cash Balances</i>	0
<i>Fund Cash Balances, January 1</i>	261
<i>Fund Cash Balances, December 31</i>	\$261

See accompanying notes to the basic financial statements

**VILLAGE OF GREENHILLS
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017**

Note 1 - Reporting Entity

The Village of Greenhills (the Village), Hamilton County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides police protection, parks and recreation, building inspection, street maintenance and repairs, and refuse collection. The Village contracts with the Greenhills Volunteer Fire Department to receive fire protection services.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

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

Fund Accounting

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

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

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

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

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.

Debt Service Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Funds:

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.

Non-Voted Debt Fund The non-voted debt accounts for disbursement of debt service obligations to bond and note obligations that were approved by action of the Village Council. Revenues for this fund consist of General Fund Transfers-In and Interest.

**VILLAGE OF GREENHILLS
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

Note 2 - Summary of Significant Accounting Policies (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 funds:

Shade Tree Assessment Fund - This fund receives assessments to help maintain Village trees along Village roadways.

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 fund accounts for Mayor's Court revenue and disbursement activity.

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, department/division and within each, the amount appropriated for personal services 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.

**VILLAGE OF GREENHILLS
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

Note 2 - Summary of Significant Accounting Policies (Continued)

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.

Money market mutual funds are recorded at share values the mutual funds report. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

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 GREENHILLS
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

Note 2 - Summary of Significant Accounting Policies (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 2017 follows:

2017 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$2,115,000	\$2,122,102	\$7,102
Special Revenue	1,882,563	1,887,484	4,921
Debt Service	398,235	398,658	423
Capital Projects	51,200	51,225	25
Total	<u>\$4,446,998</u>	<u>\$4,459,469</u>	<u>\$12,471</u>

2017 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$2,611,393	\$2,406,826	\$204,567
Special Revenue	2,028,088	1,814,022	214,066
Debt Service	547,575	547,114	461
Capital Projects	62,285	52,425	9,860
Total	<u>\$5,249,341</u>	<u>\$4,820,387</u>	<u>\$428,954</u>

Note 4 – Deposits and Investments

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

VILLAGE OF GREENHILLS
HAMILTON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)

Note 4 – Deposits and Investments (Continued)

	2017
Demand Deposits	<u>\$2,089,102</u>
Total Deposits	<u><u>\$2,089,102</u></u>

Deposits

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

The Village's deposits are collateralized by the financial institution's public entity deposit pool. The financial institution is in the process of joining OPCS; however, at December 31, 2017, the financial institution still maintained its own collateral pool.

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.

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 one and one half percent 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 2017, the receipts were allocated to the general fund.

**VILLAGE OF GREENHILLS
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

Note 6 - Risk Management

The Village has obtained commercial insurance through USI Insurance Services, LLC for Comprehensive Property and General Liability, Vehicles, Errors & Omissions, and Liquor Liability. USI's Public Entity Practice serves state and local municipalities, advising public entity clients on existing and emerging exposures. USI integrates business analytics with a network of local and national technical experts in a team-based consultative planning process to evaluate the Village's risk profile and identify targeted solutions. The 2017 premium with USI was \$62,237.

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some 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

Some of the Village's elected 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

**VILLAGE OF GREENHILLS
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

Note 8 - Postemployment Benefits (Continued)

Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017. OP&F contributes 0.5 percent to fund these benefits.

Note 9 – Debt

Debt outstanding at December 31, 2017 was as follows:

	Principal	Interest Rate
Redevelopment Bonds 2005 - Refunded 2015	\$290,000	4.25%
Redevelopment Bonds 2002 - Refunded 2012	\$384,685	2.50%
Redevelopment Bonds 2008	\$475,000	4.35%-4.65%
Fire Truck Lease	\$347,345	3.57%
<u>Total</u>	\$1,497,030	

The Redevelopment Bonds 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 \$380,000 for the purpose of retiring the remaining outstanding balance of the Redevelopment Bonds 2005, that were issued to acquire property within the Village to redevelop that were supported by a bond levy passed by voters of the Village in 2004.

The Village's taxing authority collateralized the bonds.

Leases

The Fire Truck Lease was entered into in 2016 with the vehicle delivery occurring in 2017. The fire truck is for use by the Greenhills Volunteer Fire Department. The Village disbursed \$15,710 to pay lease costs for the year ended December 31, 2017.

**VILLAGE OF GREENHILLS
HAMILTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Continued)**

Note 9 – Debt (Continued)

Amortization

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

Year Ending	Redevelopment	Redevelopment	Redevelopment	Redevelopment
December 31:	Leases	2005	2002	2008
2018	\$15,710	\$47,325	\$83,834	\$181,768
2019	31,421	50,838	83,834	104,648
2020	31,421	44,137	83,834	115,463
2021	31,421	47,650	83,834	65,580
2022	31,421	50,950	75,851	62,790
2023-2027	157,104	100,947	0	0
2028-2032	<u>141,394</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$439,892</u>	<u>\$341,847</u>	<u>\$411,187</u>	<u>\$530,249</u>

Note 10 – Contingent Liabilities

The Village is defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Village's financial condition.

OHIO AUDITOR OF STATE KEITH FABER



Corporate Centre of Blue Ash
11117 Kenwood Road
Blue Ash, Ohio 45242-1817
(513) 361-8550 or (800) 368-7419
SouthwestRegion@ohioauditor.gov

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 Rd
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 cash balances, receipts, and disbursements by fund type of the Village of Greenhills, Hamilton County, (the Village) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated October 21, 2019 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.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2018-001 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Village's Response to Finding

The Village's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Village's response and, accordingly, we express no opinion on it.

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.



Keith Faber
Auditor of State

Columbus, Ohio

October 21, 2019

**VILLAGE OF GREENHILLS
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2018 and 2017**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING 2018-001

Material Weakness – Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, *Term of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; the 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.

The following conditions related to management controls over financial reporting were identified:

- The Village did not report the Mayor's Court receipts, disbursements, and fund balances on the 2017 and 2018 financial statements. For 2017, the Mayor's Court Agency Fund had a beginning fund balance of \$261, Non-Operating cash receipts of \$147,019, Non-Operating cash disbursements of \$147,019, and Ending Fund Balance of \$261. For 2018, the Mayor's Court Agency Fund had Beginning Fund Balance of \$261, Non-Operating cash receipts of \$102,947, Non-Operating cash disbursements of \$102,947, and Ending Fund Balance of \$261.
- Committed Fund Balance totaling \$14,711 in 2017 and \$14,711 in 2018 in the Other Capital Projects Funds was incorrectly classified as Restricted Fund Balance.
- Restricted Fund Balance totaling \$43,562 in 2017 and \$65,785 in 2018 in the Special Revenue Fund Type was incorrectly classified as Committed Fund Balance.
- The Fire Truck Lease principal balance in the financial statement footnotes was overstated by \$5,901 in 2017 and \$5,901 in 2018.

The Village adjusted the financial statements for the errors identified above.

In addition to the adjustments listed above, we also identified additional immaterial misstatements ranging from \$3,444 to \$4,822, which the Village did not correct.

The Village did not have procedures in place for effective monitoring of the Village's financial activity, and the accuracy of accounting and financial reporting. Failure to accurately report financial activity increases the risk of material errors in the financial statements.

The Village should exercise due care when preparing financial statements. Village officials should review the Ohio Village Handbook and Audit Bulletins to ensure that transactions are posted to the proper account accounts, and should take steps to make sure the financial statements accurately reflect the Village's financial information.

Officials' Response:

The Village of Greenhills has experienced Finance Director turnover during this audit period, with our permanent replacement coming onboard August 1, 2018. Changes have been implemented during 2019 to correct the management controls mentioned within the Finding. The Mayor's Court will be captured within the Financial Statements going forward. Additional training and understanding of GASB 54 has been provided regarding fund classification categories. Lastly, the Fire Truck Lease principal balance was overstated due to an additional lease payment made in 2017 for 2018.

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2018 AND 2017

Finding Number	Finding Summary	Status	Additional Information
2016-001	Internal controls over Financial Reporting audit adjustments	No	Reissued as Finding 2018-001

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OHIO AUDITOR OF STATE KEITH FABER



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
NOVEMBER 7, 2019**