



Dave Yost • Auditor of State

VILLAGE OF GREENFIELD
HIGHLAND COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Village of Greenfield, Highland County, (the Village) as of and for the year ended December 31, 2015.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Government as of December 31, 2015, or changes in financial position thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Village of Greenfield, Highland County as of December 31, 2014, and its combined cash receipts and disbursements for the year then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note1.

Other Matters

Our audit was conducted to opine on the financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the financial statements. We subjected this schedule to the auditing procedures we applied to the financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 2017, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large loop at the end of the last name.

Dave Yost
Auditor of State

Columbus, Ohio

October 4, 2017

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**VILLAGE OF GREENFIELD
HIGHLAND COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Permanent</u>	
Cash Receipts:					
Property and Local Taxes	\$ 80,295	\$ 11,470	\$ -	\$ -	\$ 91,765
Municipal Income Tax	603,382	528,061	94,287	-	1,225,730
Intergovernmental	108,083	208,912	-	-	316,995
Charges for Services	52,640	57,003	2,610	-	112,253
Fines, Licenses, and Permits	51,561	8,080	-	-	59,641
Earnings on Investments	7,655	655	379	30	8,719
Miscellaneous	37,011	37,803	1	-	74,815
	<u>940,627</u>	<u>851,984</u>	<u>97,277</u>	<u>30</u>	<u>1,889,918</u>
Total Cash Receipts					
Cash Disbursements:					
Current:					
Security of Persons & Property	507,580	453,725	-	-	961,305
Public Health Service	7,692	65,725	-	85	73,502
Leisure Time Activities	-	37,108	-	-	37,108
Community Environment	-	256	-	-	256
Transportation	-	160,065	-	-	160,065
General Government	365,059	200	-	-	365,259
Capital Outlay	53,690	54,596	-	-	108,286
Debt Service					
Principal Payment	-	22,651	312,500	-	335,151
Interest and Fiscal Charges	-	2,175	7,012	-	9,187
	<u>934,021</u>	<u>796,501</u>	<u>319,512</u>	<u>85</u>	<u>2,050,119</u>
Total Cash Disbursements					
Total Cash Receipts Over (Under) Cash Disbursements	6,606	55,483	(222,235)	(55)	(160,201)
Other Financing Receipts (Disbursements):					
Sale of Notes	-	-	237,500	-	237,500
Other Debt Proceeds	-	-	4,925	-	4,925
Advances-Out	(200,000)	-	-	-	(200,000)
Other Financing Uses	-	-	(4,925)	-	(4,925)
	<u>(200,000)</u>	<u>-</u>	<u>237,500</u>	<u>-</u>	<u>37,500</u>
Total Other Financing Receipts (Disbursements)					
Net Change in Fund Balances	(193,394)	55,483	15,265	(55)	(122,701)
Fund Cash Balances, January 1	584,660	324,432	103,580	8,661	1,021,333
Fund Cash Balances, December 31					
Nonspendable	-	-	-	8,606	8,606
Restricted	-	379,915	-	-	379,915
Committed	34,109	-	118,845	-	152,954
Assigned	20,079	-	-	-	20,079
Unassigned	337,078	-	-	-	337,078
Fund Cash Balances, December 31	<u>\$ 391,266</u>	<u>\$ 379,915</u>	<u>\$ 118,845</u>	<u>\$ 8,606</u>	<u>\$ 898,632</u>

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

**VILLAGE OF GREENFIELD
HIGHLAND COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals</u>
	<u>Enterprise</u>	<u>Private Purpose Trust</u>	<u>Memorandum Only)</u>
Operating Cash Receipts:			
Charges for Services	\$ 1,806,243	\$ -	\$ 1,806,243
Earnings on Investments	-	63	63
Miscellaneous	15,344	-	15,344
	<u>1,821,587</u>	<u>63</u>	<u>1,821,650</u>
Total Operating Cash Receipts			
Operating Cash Disbursements:			
Personal Services	498,368	-	498,368
Employee Fringe Benefits	207,570	-	207,570
Contractual Services	138,198	-	138,198
Supplies and Materials	358,916	-	358,916
Claims	32,398	-	32,398
	<u>1,235,450</u>	<u>-</u>	<u>1,235,450</u>
Total Operating Cash Disbursements			
Operating Cash Receipts Over Operating Cash Disbursements	586,137	63	586,200
Non-Operating Cash Receipts (Disbursements):			
Intergovernmental	3,578,691	-	3,578,691
Other Debt Proceeds	1,243,996	-	1,243,996
Miscellaneous Receipts	19,809	-	19,809
Capital Outlay	(3,496,324)	-	(3,496,324)
Principal	(1,412,941)	-	(1,412,941)
Interest	(130,271)	-	(130,271)
Other Non-operating Disbursements	-	-	-
	<u>(197,040)</u>	<u>-</u>	<u>(197,040)</u>
Total Non-Operating Cash Receipts (Disbursements)			
Net Cash Receipts Over Cash Disbursements Before Advances	389,097	63	389,160
Advances-In	<u>200,000</u>	<u>-</u>	<u>200,000</u>
Net Change in Fund Cash Balances	589,097	63	589,160
Fund Cash Balances, January 1	<u>1,482,602</u>	<u>18,460</u>	<u>1,501,062</u>
Fund Cash Balances, December 31	<u>\$ 2,071,699</u>	<u>\$ 18,523</u>	<u>\$ 2,090,222</u>

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

**VILLAGE OF GREENFIELD
HIGHLAND COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the Entity

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

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

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

Basis of Accounting

These financial statements follow the accounting basis the Auditor of State prescribes or permits. The basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as formerly prescribed or permitted by the Auditor of State.

Deposits and Investments

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

Fund Accounting

The Village maintains its accounting records in accordance with the principles of "fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity, which stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

Governmental Funds

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

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

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

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

**VILLAGE OF GREENFIELD
HIGHLAND COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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

Governmental Funds (Cont'd)

Parks Fund – This fund accounts for income tax monies received to maintain the parks within the Village..

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

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

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

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

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

Fiduciary Funds

Private Purpose Trust Funds – Fiduciary funds include private purpose trust funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs. The Village's private purpose trust funds are used to purchase flowers for specific grave sites.

Proprietary Funds

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

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

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

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

Budgetary Process

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

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

**VILLAGE OF GREENFIELD
HIGHLAND COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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

Budgetary Process (Cont'd)

Estimated Resources – The County Budget Commission certifies its actions to the Village by September 1. As part of this certification, the Village receives the official certificate of estimated resources, which states the projected receipts of each fund. On or about January 1, this certificate is amended to include any unencumbered balances from the preceding year. Prior to December 31, the Village must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. Budget receipts as shown in Note 9 do not include January 1 unencumbered fund balances. However, those fund balances are available for appropriations.

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

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

Fund Balance

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

1. Non-spendable

The Village classifies assets as non-spendable when legally or contractually required to maintain the amounts intact.

2. Restricted

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

3. Committed

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

4. Assigned

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

**VILLAGE OF GREENFIELD
HIGHLAND COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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

Fund Balance (Cont'd)

5. Unassigned

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

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

Property, Plant and Equipment

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

Unpaid Vacation and Sick Leave

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

2. EQUITY IN POOLED CASH, CASH EQUIVALENTS AND INVESTMENTS

The Village maintains a cash pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31, 2015 are as follows:

	2015
Demand Deposits	\$ 2,988,404
Petty Cash	450
Total Deposits	\$ 2,988,854

**VILLAGE OF GREENFIELD
HIGHLAND COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015**

3. DEBT OBLIGATIONS

Debt outstanding at December 31, 2015 consisted of the following:

	2015 Principal Outstanding	Interest
Bond Anticipation Notes	\$ 237,500	2.25%
Total Short Term Debt	\$ 237,500	
Long Term Debt:		
Ohio Water Development Authority Loans	4,486,054	1.00 - 3.95%
Ohio Public Works Commission Loans	628,892	0.00%
Dump Truck Capital Lease	23,723	4.69%
Total Long Term Debt	\$ 5,138,669	

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

During fiscal year 2015, the Village obtained a \$1,000,000 line of credit with a 3.95% interest rate to assist with short term cash flow needs for the Greenfield Rail Improvement Project. During 2015 the Village drew down and subsequently repaid a total of \$1,243,998 as cash was required during the year. The source to repay this debt was grants that were reimbursement based and all of the line of credit draws were repaid during 2015. The line of credit draws are reported in the Enterprise Funds as "Proceeds from line of credit draws, and the subsequent repayment of these line of credit draws are reported in the Enterprise Funds as "Principal".

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

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

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

The annual requirement to amortize all bonded debt and long-term loans and capital leases outstanding as of December 31, 2015, including interest payments of \$1,638,890 are as follows:

Ending 12/31	OWDA Loans	OPWC Loans	Financing Agreement	(Memorandum Only)
2016	\$ 256,952	\$ 36,185	\$ 23,723	\$ 316,860
2017	256,952	36,185	-	293,137
2018	256,952	36,185	-	293,137
2019	256,952	36,185	-	293,137
2020	256,952	36,185	-	293,137
2021-2025	1,284,760	180,923	-	1,465,683
2026-2030	1,280,735	180,923	-	1,461,658
2031-2035	1,244,505	45,923	-	1,290,428
2036-2040	887,557	30,923	-	918,480
2041-2042	142,627	9,275	-	151,902
Total	\$ 6,124,944	\$ 628,892	\$ 23,723	\$ 6,777,559

**VILLAGE OF GREENFIELD
HIGHLAND COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015**

4. PROPERTY TAX

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

2015 real property taxes are levied after October 1, 2014, on the assessed value as of January 1, 2014, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2015 real property taxes are collected in and intended to finance 2016.

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2015 public utility property taxes which became a lien December 31, 2014, are levied after October 1, 2015, and are collected in 2016 with real property taxes.

5. LOCAL INCOME TAX

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

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

**VILLAGE OF GREENFIELD
HIGHLAND COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015**

6. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

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

7. RETIREMENT SYSTEM

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

The Ohio Revised Code also prescribes contribution rates. Effective July 2, 2014 OP&F plan members were required to contribute 11.5% of their annual covered salary and for July 2, 2015 to December 31, 2015, plan members were required to contribute 12.25% of their annual covered salary. For 2015, the Village contributed to OP&F an amount equal to 19.5% of full-time police members’ wages. For 2015, 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, 2015.

8. STATE AND FEDERAL GRANTS

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

9. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2015 was as follows:

2015 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,350,463	\$ 940,627	\$ (409,836)
Special Revenue	466,496	851,984	385,488
Capital Projects	328,388	339,702	11,314
Permanent	288	30	(258)
Enterprise	6,958,526	6,664,083	(294,443)
Private Purpose Trust	600	63	(537)
Total	\$ 9,104,761	\$ 8,796,489	\$ (308,272)

**VILLAGE OF GREENFIELD
HIGHLAND COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015**

9. BUDGETARY ACTIVITY (CONT'D)

2015 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Disbursements</u>	<u>Variance</u>
General	\$ 978,296	\$ 934,021	\$ 44,275
Special Revenue	885,630	796,501	89,129
Capital Projects	348,510	324,437	24,073
Permanent	8,760	85	8,675
Enterprise	7,212,563	6,274,986	937,577
Private Purpose Trust	18,250	-	18,250
Total	<u>\$ 9,452,009</u>	<u>\$ 8,330,030</u>	<u>\$ 1,121,979</u>

The amount of encumbrances for the General Fund and Special Revenue Funds as of December 31, 2015 were \$2,053 and \$2,370, respectively. The Enterprise Fund had encumbrances of \$19,188 as of December 31, 2015.

10. CONTINGENT LIABILITIES

At December 31, 2015, there was no litigation outstanding that in management's opinion would have a significant effect on the accompanying financial statements.

**VILLAGE OF GREENFIELD
HIGHLAND COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015**

11. FUND BALANCES

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

Fund Balances	General Fund	Special Revenue	Capital Projects	Permanent	Total
<i>Nonspendable</i>					
Cemetery Trust	\$ -	\$ -	\$ -	\$ 8,606	\$ 8,606
<i>Total Nonspendable</i>	-	-	-	8,606	8,606
<i>Restricted for</i>					
Street Improvements	-	185,651	-	-	185,651
Cemetery Maintenance	-	73,214	-	-	73,214
Park Maintenance	-	60,844	-	-	60,844
Other Purposes	-	60,206	-	-	60,206
<i>Total Restricted</i>	-	379,915	-	-	379,915
<i>Committed to</i>					
Cemetery Improvements	-	-	30,455	-	30,455
Street Improvements	34,109	-	-	-	34,109
City Hall Improvements	-	-	88,390	-	88,390
<i>Total Committed</i>	34,109	-	118,845	-	152,954
<i>Assigned to</i>					
Other Purposes	20,079	-	-	-	20,079
<i>Total Assigned</i>	20,079	-	-	-	20,079
<i>Unassigned</i>					
	337,078	-	-	-	337,078
<i>Total Fund Balances</i>	<u>\$ 391,266</u>	<u>\$ 379,915</u>	<u>\$ 118,845</u>	<u>\$ 8,606</u>	<u>\$ 898,632</u>

12. GREENFIELD RAIL IMPROVEMENT PROJECT

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

The Village has received or will be receiving the following grant awards and contributions from grantors and local contributors:

Grantor / Contributor	Award/Contribution
Ohio Development Services Agency - ODOD	\$ 500,000
Ohio Development Services Agency	205,000
Ohio Development Services Agency - CDBG	494,000
Ohio Rail Development Commission	78,000
Highland County Engineer	23,000
Highland County Commissioners	10,000
Village of Leesburg	10,000
Candle-Lite (shipper)	3,500
Huhtamaki (shipper)	3,500

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

An additional \$200,000 grant was awarded to the Village from the Ohio Rail Development Commission for an emergency bridge repair which was separate from the original project.

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**VILLAGE OF GREENFIELD
HIGHLAND COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2015**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Pass Through Entity Number	Federal CFDA Number	Expenditures
U.S. DEPARTMENT OF COMMERCE			
Economic Development Administration Economic Development Cluster: Economic Adjustment Assistance		11.307	2,015,964
Total U.S. Department of Commerce			<u>2,015,964</u>
U.S. DEPARTMENT OF JUSTICE			
Community Oriented Policing Services		16.710	29,806
Bulletproof Vest Partnership Program		16.607	2,857
Total U.S. Department of Justice			<u>32,663</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>Passed Through Ohio Department of Development</i>			
Small Cities Community Development Block Grant Economic Development Program	A-E-11-2BU-1	14.228	366,534
<i>Passed Through Ohio Development Services Agency</i>			
Small Cities Community Development Block Grant Home Investment Partnerships Program (HOME) Revolving Loan Fund		14.239	4,433
Total U.S. Department of Housing and Urban Development			<u>370,967</u>
Total Federal Awards Expenditures			<u><u>\$2,419,594</u></u>

The accompanying notes are an integral part of this schedule.

**VILLAGE OF GREENFIELD
HIGHLAND COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FISCAL YEAR ENDED DECEMBER 31, 2015**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) reports the Village of Greenfield's (the Village's) federal award programs' disbursements. The schedule has been prepared on the cash basis of accounting.

NOTE B - MATCHING REQUIREMENTS

Certain Federal programs require the Village to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Village has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.



Dave Yost • Auditor of State

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

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

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Greenfield, Highland County (the Village) as of and for the year ended December 31, 2015, and the related notes to the financial statements, and have issued our report thereon dated October 4, 2017, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2015-001 and 2015-002 to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2015-001.

Entity's Response to Findings

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

Purpose of this Report

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



Dave Yost
Auditor of State

Columbus, Ohio

October 4, 2017



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

To the Village Council:

We have audited the Village of Greenfield's, (the Village) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Village of Greenfield's major federal program for the year ended December 31, 2015. The *Summary of Auditor's Results* in the accompanying schedule of findings and questioned costs identifies the Village of Greenfield's major federal program.

Management's Responsibility

The Village's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the Village's compliance for the Village's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Village's major program. However, our audit does not provide a legal determination of the Village's compliance.

Basis for Qualified Opinion on the Economic Development Cluster

As described in Findings 2015-004 through 2015-007 in the accompanying schedule of findings and questioned costs, the Village did not comply with requirements regarding the following:

Finding #	CFDA #	Program (or Cluster) Name	Compliance Requirement
2015-004	11.307	Economic Development Cluster	Allowable Costs/Cost Principles
2015-005	11.307	Economic Development Cluster	Cash Management
2015-006	11.307	Economic Development Cluster	Matching
2015-007	11.307	Economic Development Cluster	Reporting

Compliance with these requirements is necessary, in our opinion, for the Village to comply with the requirements applicable this program.

Qualified Opinion on Economic Development Cluster

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Economic Development Cluster* paragraph, the Village of Greenfield complied, in all material respects, with the requirements referred to above that could directly and materially affect its Economic Development Cluster for the year ended December 31, 2015.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which Uniform Guidance requires us to report, described in the accompanying schedule of findings and questioned costs as items 2015-003 and 2015-008. Our opinion on the major federal program is not modified with respect to these matters.

The Village's responses to our noncompliance findings are described in the accompanying schedule of findings and questioned costs and / or corrective action plan. We did not audit the Village's responses and, accordingly, we express no opinion on them.

Report on Internal Control over Compliance

The Village's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Village's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Village's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program's compliance requirement will not be prevented, or timely detected or corrected. A *significant deficiency in internal over compliance* is a deficiency or a combination of deficiencies in internal control over compliance with a federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Therefore, we cannot assure we have identified all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. However, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses, described in the accompanying schedule of findings and questioned costs as items 2015-003 through 2015-008.

The Village's responses to our internal control over compliance findings are described in the accompanying schedule of findings and questioned costs and / or corrective action plan. We did not audit the Village's responses and, accordingly, we express no opinion on them.

This report only describes the scope of our tests of internal control over compliance and the results of this testing based on the Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



Dave Yost
Auditor of State

Columbus, Ohio

October 4, 2017

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**VILLAGE OF GREENFIELD
HIGHLAND COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
2 CFR § 200.515
DECEMBER 31, 2015**

1. SUMMARY OF AUDITOR'S RESULTS
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(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	Yes
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Modified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	Yes
(d)(1)(vii)	Major Programs (list):	Economic Development Cluster
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR §200.520?	No

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

FINDING NUMBER 2015-001

Material Weakness and Noncompliance

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

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

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

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

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

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

**FINDING NUMBER 2015-001
 (Continued)**

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

These conditions resulted in the following financial statement errors:

<i>Incorrect Entry</i>			<i>Correct Entry</i>		
Fund	Account	Amount	Fund	Account	Amount
General Fund	Intergovernmental	\$31,581	COPS Grant	Intergovernmental	\$31,581
General Fund	Security of Persons and Property	\$31,581	COPS Grant	Security of Persons and Property	\$31,581
General Fund	Income Tax	\$377,200	Police Fund	Income Tax	\$377,200
General Fund	Security of Persons and Property	\$377,200	Police Fund	Security of Persons and Property	\$377,200
Street Cable Fees(Capital Projects Fund)	Fines, Licenses and Permits	\$35,152	General Fund	Fines, Licenses and Permits	\$27,038
				Charges for Service	\$8,114
Street Cable Fees(Capital Projects Fund)	Transportation	\$9,039	General Fund	Health	\$9,039
	Capital Outlay	\$15,000		Capital Outlay	\$15,000
Street Cable Fees(Capital Projects Fund)	Beginning Fund Balance	\$22,996	General Fund	Beginning Fund Balance	\$22,996
Permanent Fund	Beginning Fund Balance	\$18,367	Private Purpose Trust	Beginning Fund Balance	18,367
Permanent Fund	Beginning Fund Balance	\$10,000	Chapel Fund (Special Revenue Fund)	Beginning Fund Balance	\$10,000
Permanent Fund	Beginning Fund Balance	\$8,754	Cemetery Fund (Special Revenue Fund)	Beginning Fund Balance	\$8,754
Permanent Fund	Beginning Fund Balance	\$25,641	Cemetery Improvement Fund (Capital Project Fund)	Beginning Fund Balance	\$25,641
Permanent Fund	Beginning Fund Balance	\$1,960	Cemetery Improvement Fund (Capital Project Fund)	Beginning Fund Balance	\$1,960

**FINDING NUMBER 2015-001
 (Continued)**

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

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

Officials' Response:

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

FINDING NUMBER 2015-002

Material Weakness

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

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

2015					
<i>Transaction as Posted (incorrect)</i>			<i>Correct Transaction Posting</i>		
Fund	Account	Amount	Fund	Account	Amount
General Fund	Utilities Expense	\$53,185	General Fund	Security of Person and Property	\$51,685
				General Government	\$1,500
The Village posted street lighting and trash services as utilities and should have recorded the expenditures as Security of Person and Property and General Government.					
Debt Service Fund	Debt Proceeds	\$237,500	City Hall Capital Improvement (Capital Projects Fund)	Debt Proceeds	\$237,500
Debt Service Fund	Principal	\$237,500	City Hall Capital Improvement (Capital Projects Fund)	Principal	\$237,500
City Hall Capital Improvement (Capital Projects Fund)	Bond Premiums – Other Debt Proceeds	\$0	City Hall Capital Improvement (Capital Projects Fund)	Bond Premiums – Other Debt Proceeds	\$4,925

**FINDING NUMBER 2015-002
 (Continued)**

City Hall Capital Improvement (Capital Projects Fund)	Debt Issuance Cost- Other Uses	\$0	City Hall Capital Improvement (Capital Projects Fund)	Debt Issuance Cost- Other Uses	\$4,925
The Village issued Bond Anticipation Notes. The Sources and Uses Statement requires the funds to be placed into the Project Construction Fund. The Village recorded the above revenues and expenditures in the Debt Service Fund. In addition, the Village did not record the revenue generated from the premium or bond issuance costs that were recorded on the sources and uses statement.					
ODOD Grant #ECDD12- 214D (Fund 242)	Capital Outlay	\$123,285	EDA Fund #06- 79-05784 (Fund 247)	Capital Outlay	\$123,285
CDBG Grant #A-E-11-2BU-1 (Fund 243)	Capital Outlay	\$119,466	EDA Fund #06- 79-05784 (Fund 247)	Capital Outlay	\$119,466
State Appalachian Grant #S-P-14- 2BU-1(Fund 245)	Capital Outlay	\$49,713	EDA Fund #06- 79-05784 (Fund 247)	Capital Outlay	\$49,713
Railroad Fund (Fund 240)	Capital Outlay	\$162,551	EDA Fund #06- 79-05784 (Fund 247)	Capital Outlay	\$162,551
The Village had a rail improvement project. The project required the expenditures to be tracked in separate funds, per the grant agreement, and expenditures to be spent on a pro-rata basis. The above audit adjustment correctly records the capital outlay expenditures as required by the grant agreement. Refer to the Findings and Questioned Costs for Federal Awards, Finding number 2015-004,2015-005, 2015-006 and 2015-008.					

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

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

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

Officials' Response:

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

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

1. Federal Schedule

Finding Number	2015-003		
CFDA Title and Number	11.307 – Economic Development Cluster		
Federal Award Identification Number / Year	2015		
Federal Agency	U.S. Department of Commerce		
Pass-Through Entity	N/A		
Repeat Finding from Prior Audit?	No	Finding Number (if repeat)	N/A

Noncompliance and Material Weakness

2 CFR 200.510(b) requires the auditee to prepare a Schedule of Expenditures of Federal Awards for the period covered by the auditee's financial statements which must include the total Federal awards expended.

The Village initially did not prepare a Schedule of Expenditures of Federal Awards for 2015 until requested for audit. The Village did not have a system in place to identify and monitor the federal award expenditures. Non-audit services were performed to assist the Village in the preparation of the Schedule of Expenditures of Federal Awards.

We recommend the Village develop a system to identify federal award expenditures and monitor its agreements for federal programs periodically during the year to ensure that all federal funds are being properly reported on the schedule.

Officials' Response:

We appreciate your comments and will implement your recommendations should we be awarded grants in the future.

2. Monitoring of Grant Activities –Allowable Costs/Cost Principles

Finding Number	2015-004		
CFDA Title and Number	11.307 – Economic Development Cluster		
Federal Award Identification Number / Year	06-79-05784		
Federal Agency	U.S. Department of Commerce		
Pass-Through Entity	N/A		
Repeat Finding from Prior Audit?	No	Finding Number (if repeat)	N/A

**FINDING NUMBER 2015-004
(Continued)**

Noncompliance and Material Weakness

15 CFR 24.22 (a)(1) and (b), state, grant funds may be used for the allowable costs of the grantees, subgrantees and cost-type contractors, including allowable costs in the form of payments to fixed-price contractors. For each kind of organization, there is a set of Federal principles for determining allowable costs. Allowable costs will be determined in accordance with the cost principles applicable to the organization incurring the costs.

2 CFR Part 225 Appendix A, subpart C(1)(j) requires federal expenditures to be adequately documented to ensure compliance.

The Village had a rail improvement project that was funded with federal and other grants to provide the matching amounts. The rail project included the following grants:

- The Federal Economic Development Administration (EDA) grant was awarded in the total amount of \$2,625,788. The grant agreement provides for 70% of the approved costs associated with a railroad rehabilitation project and is funded on a reimbursement basis.
- The State of Ohio State Appalachian Grant Program Grant number S-P-14-2BU-1 was awarded in the total amount of \$205,000.
- The State of Ohio Small Cities Community Development Block Grant (CDBG) Grant agreement A-E-11-2BU-1 was awarded in the total amount of \$494,000.
- The State of Ohio Department of Development Roadwork Development Grant agreement ECDD 12-214 was awarded in the total amount of \$500,000. (CDBG references this as offsite improvements)
- The Ohio Rail Development Commission grant was awarded in the total amount of \$78,000.
- The Ohio Department of Transportation Jobs and Commerce Economic Development grant was awarded in the total amount \$78,000.
- Local and Private matches totaling \$50,000.

The Village did not maintain adequate record of project payments to ensure that expenditures were properly coded to provide accurate reimbursement requests. The Village did not prepare a project budget to determine the pro-rata share of expenditures or track the project to ensure compliance.

The Village should review grant agreements to ensure compliance with individual grants as well as the total project. Refer to finding number 2015—002 above for related audit adjustments. We also, modified our opinion as a result of this issue.

Officials' Response:

We appreciate your comments and will implement your recommendations should we be awarded grants in the future.

3. Monitoring of Grant Activities – Cash Management

Finding Number	2015-005		
CFDA Title and Number	11.307 – Economic Development Cluster		
Federal Award Identification Number / Year	06-79-05784		
Federal Agency	U.S. Department of Commerce		
Pass-Through Entity	N/A		
Repeat Finding from Prior Audit?	No	Finding Number (if repeat)	N/A

Noncompliance and Material Weakness

15 CFR 24.21(a) prescribes the basic standard and the methods under which a Federal Agency will make payments to grantee and grantees will make payments to subgrantees and contractors.

15 CFR 24.21(d) states reimbursement shall be the preferred method when the requirements in paragraph, section (c), are not met. Grantees and subgrantees may also be paid by reimbursement for any construction grant. Except as otherwise specified in regulation, Federal agencies shall not use the percentage of completion method to pay construction grants. The grantee or subgrantee may use that method to pay its construction contractor, and if it does, the awarding agency's payments to the grantee or subgrantee will be based on the grantee's or subgrantee's actual rate of disbursement.

The Village had a rail improvement project that was funded with federal and other grants to provide the matching amounts. The rail project included the following grants:

- The Federal Economic Development Administration (EDA) grant was awarded in the total amount of \$2,625,788. The grant agreement provides for 70% of the approved costs associated with a railroad rehabilitation project and is funded on a reimbursement basis.
- The State of Ohio State Appalachian Grant Program Grant number S-P-14-2BU-1 was awarded in the total amount of \$205,000.
- The State of Ohio Small Cities Community Development Block Grant (CDBG) Grant agreement A-E-11-2BU-1 was awarded in the total amount of \$494,000.
- The State of Ohio Department of Development Roadwork Development Grant agreement ECDD 12-214 was awarded in the total amount of \$500,000. (CDBG references this as offsite improvements)
- The Ohio Rail Development Commission grant was awarded in the total amount of \$78,000.
- The Ohio Department of Transportation Jobs and Commerce Economic Development grant was awarded in the total amount \$78,000.
- Local and Private matches totaling \$50,000.

**FINDING NUMBER 2015-005
 (Continued)**

The Village did not prepare a project budget to determine the pro-rata share for expenditures per grant, or track the project to ensure compliance with the proper cash management procedures. All construction obligations were paid; however, reimbursements were collected in excess of the amount paid after being submitted to multiple granting agencies. In 2015, the expenditures recorded by the grant totaled \$1,303,400 more on the grant tracking spreadsheet than on the accounting system records. Fund 247, the EDA Fund, had a balance of \$478,218. The fund did not receive an advance and was funded on a reimbursement basis. The balance indicates the expenditures were not recorded in the fund set up to track the EDA expenditures.

Failure to implement, prepare and monitor projects budgets can lead to improper spending and loss of grant funding. The Village should review grant agreements to ensure compliance with individual grants as well as the total project. Refer to finding number 2015—002 above for related audit adjustments. We also, modified our opinion as a result of this issue.

Officials' Response:

We appreciate your comments and will implement your recommendations should we be awarded grants in the future.

4. Monitoring of Grant Activities – Matching

Finding Number	2015-006		
CFDA Title and Number	11.307 – Economic Development Cluster		
Federal Award Identification Number / Year	06-79-05784		
Federal Agency	U.S. Department of Commerce		
Pass-Through Entity	N/A		
Repeat Finding from Prior Audit?	No	Finding Number (if repeat)	N/A

Noncompliance and Material Weakness

15 CFR 24.24 (a)(1) and (2) state allowable costs incurred by the grantee, subgrantee or a cost-type contractor under the assistance agreement includes allowable costs borne by non-Federal grants or by others cash donations from non-Federal third parties. The value of third party in-kind contributions applicable to the period to which the cost sharing or matching requirements applies.

Economic Development Administration Standard Terms and Conditions Section B (3)(b) provides that the matching share, whether cash or in-kind, shall be paid out at the same rate as the federal share.

The Village had a rail improvement project that was funded with federal and other grants to provide the matching amounts. The rail project included the following grants:

**FINDING NUMBER 2015-006
(Continued)**

- The Federal Economic Development Administration (EDA) grant was awarded in the total amount of \$2,625,788. The grant agreement provides for 70% of the approved costs associated with a railroad rehabilitation project and is funded on a reimbursement basis.
- The State of Ohio State Appalachian Grant Program Grant number S-P-14-2BU-1 was awarded in the total amount of \$205,000.
- The State of Ohio Small Cities Community Development Block Grant (CDBG) Grant agreement A-E-11-2BU-1 was awarded in the total amount of \$494,000.
- The State of Ohio Department of Development Roadwork Development Grant agreement ECDD 12-214 was awarded in the total amount of \$500,000. (CDBG references this as offsite improvements)
- The Ohio Rail Development Commission grant was awarded in the total amount of \$78,000.
- The Ohio Department of Transportation Jobs and Commerce Economic Development grant was awarded in the total amount \$78,000.
- Local and Private matches totaling \$50,000.

The Village did not have controls in place to track the matching portions of the EDA grant and as a result utilized the same invoice to collect more reimbursement than the actual expenditures. The Village received multiple State and local grants to make up the matching portion of the EDA grant, as noted above. Two of the state grants used as matching funds required funds to be paid out pro-rata. The Village did not have a budget in place to determine the pro-rata amounts; therefore, when the Village received construction invoices the full amount of the invoice was submitted to the US Department of Commerce and State granting agencies to request reimbursement, not to exceed the total grant award. As of December 31, 2015, the Village had received the entire grant award for all agencies, except EDA and ORDC.

Failure to accurately track the matching portions of the grant requirements resulted in reimbursements received in excess of actual expenditures. The Village should review their control process when large projects are administered. The controls should ensure that projects completed by the Village have a total budget that is broken down by each grant and how they will be utilized. Refer to finding number 2015—002 above, for related audit adjustments. We also, modified our opinion as a result of this issue.

Officials' Response:

We appreciate your comments and will implement your recommendations should we be awarded grants in the future.

5. Monitoring of Grant Activities – Reporting

Finding Number	2015-007		
CFDA Title and Number	11.307 – Economic Development Cluster		
Federal Award Identification Number / Year	06-79-05784		
Federal Agency	U.S. Department of Commerce		
Pass-Through Entity	N/A		
Repeat Finding from Prior Audit?	No	Finding Number (if repeat)	N/A

Noncompliance and Material Weakness

15 CFR 24.41 (a)(1), states grantees will use only the forms specified in paragraphs (a) through (e) of this section, and such supplementary or other forms as may from time to time be authorized by OMB for submitting financial reports to Federal agencies, or requesting advances or reimbursements when letters of credit are not used.

Economic Development Administration Standard Terms and Conditions Section A(.01), states the recipient shall submit a “Federal Financial Report” (Form SF-425) on a semi-annual basis for the periods ending March 31 and September 30, or any portion thereof, unless otherwise specified in a special award condition. Reports are due no later than 30 days following the end of each reporting period. A final Form SF-425 shall be submitted within 90 days after the expiration of the project period.

The Village’s rail improvement project was funded with federal and other grants to provide the matching amounts. The rail project included the following grants:

- The Federal Economic Development Administration (EDA) grant was awarded in the total amount of \$2,625,788. The grant agreement provides for 70% of the approved costs associated with a railroad rehabilitation project and is funded on a reimbursement basis.
- The State of Ohio State Appalachian Grant Program Grant number S-P-14-2BU-1 was awarded in the total amount of \$205,000.
- The State of Ohio Small Cities Community Development Block Grant (CDBG) Grant agreement A-E-11-2BU-1 was awarded in the total amount of \$494,000.
- The State of Ohio Department of Development Roadwork Development Grant agreement ECDD 12-214 was awarded in the total amount of \$500,000. (CDBG references this as offsite improvements)
- The Ohio Rail Development Commission grant was awarded in the total amount of \$78,000.
- The Ohio Department of Transportation Jobs and Commerce Economic Development grant was awarded in the total amount \$78,000.
- Local and Private matches totaling \$50,000.

**FINDING NUMBER 2015-007
 (Continued)**

The Village was required to complete semi-annual reporting on form SF-425. The form is used to report both the federal and recipient share of the amount spent as well as unliquidated obligations. The Federal share of expenditures incurred and the unliquidated obligations were not reported on the two SF-425 reports completed during 2015.

The Village should review grant agreements to ensure compliance with individual grants as well as the total project. The financial records should support the grant reporting requirements. We also, modified our opinion as a result of this issue.

Officials' Response:

All reports we were instructed by EDA to complete were submitted on forms supplied by the EDA, submitted when due and completed as instructed by our EDA project Engineer. All semi-annual "Federal Financial Reports" were submitted on SF-425 forms.

6. Community Development Block Grant (CDBG)

Finding Number	2015-008		
CFDA Title and Number	14.228 – Small Cities Community Development Block Grant		
Federal Award Identification Number / Year	A-E-11-2BU-1		
Federal Agency	U.S. Department of Housing and Urban Development		
Pass-Through Entity	Ohio Department of Development		
Repeat Finding from Prior Audit?	No	Finding Number (if repeat)	N/A

Noncompliance, Material Weakness and Questioned Cost

24 CFR 85.20 (b)(1), (2) and (5) states, accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant. Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations unobligated balances, assets, liabilities, outlays or expenditures and income. Applicable OMB cost principles, agency program regulations, and the terms of grant and subgrant agreements will be followed in determining the reasonableness, allowability and allocability of costs.

Additionally, the sub-award further states, special conditions in the Community Development Block Grant (CDBG) agreement attachment B item 13, required the CDBG funds to be spent on a pro-rata basis with other private and public funds used for the rail project. The approved budget limited expenditures to \$10,000 in general administrative costs and \$484,000 in off-site improvements.

The Village had a rail improvement project that was funded with federal and other grants to provide the matching amounts. The rail project included the following grants:

**FINDING NUMBER 2015-008
(Continued)**

- The Federal Economic Development Administration (EDA) grant was awarded in the total amount of \$2,625,788. The grant agreement provides for 70% of the approved costs associated with a railroad rehabilitation project and is funded on a reimbursement basis.
- The State of Ohio State Appalachian Grant Program Grant number S-P-14-2BU-1 was awarded in the total amount of \$205,000.
- The State of Ohio Small Cities Community Development Block Grant (CDBG) Grant agreement A-E-11-2BU-1 was awarded in the total amount of \$494,000.
- The State of Ohio Department of Development Roadwork Development Grant agreement ECDD 12-214 was awarded in the total amount of \$500,000. (CDBG references this as offsite improvements)
- The Ohio Rail Development Commission grant was awarded in the total amount of \$78,000.
- The Ohio Department of Transportation Jobs and Commerce Economic Development grant was awarded in the total amount \$78,000.
- Local and Private matches totaling \$50,000.

The rail project was not complete as of December 31, 2015. As of December 31, 2015 the Village records indicate that the complete \$494,000 grant had been received and expended. The spreadsheet the Village was using to track the federal expenditures from the program did not agree to the accounting records. There was \$2,879,949 in expenditures related to the rail project in fiscal year 2015. The CDBG portion for fiscal year 2015, based on a pro-rata calculation, was \$1,322 for administration and \$365,212 for constructions for a total of \$366,534. The recorded construction expenditures totaled \$486,000. The Village did not prepare a project budget to determine the pro-rata share for expenditures or track the project to ensure compliance with the proper cash management. The Village submitted the construction invoices to multiple granting agencies, without the pro-rata calculation completed. As a result the CDBG construction expenditures were over stated by \$120,788 in fiscal year 2015.

We also, noted the Village Railroad Expense Spreadsheet used to track grant expenditures showed \$8,000 in CDBG administrative expenditures for fiscal year 2013. Two of the three expenditures totaling \$7,973 were submitted to EDA as part of the railroad project and were denied for reimbursement in Fiscal Year 2015. The Village reported administrative costs expended in fiscal year 2012, 2013, and 2014 totaling \$25,738 and \$4,264 in fiscal year 2015 on the EDA reimbursement requests for the rail project. None of the administrative costs reported to EDA were recorded as pro-rata administrative expenditures in the CDBG fund. The CDBG pro-rata share based on the grant budget would be \$9,301. The total of the administrative portions would be \$17,301 which is above the approved amount of \$10,000.

Accordingly, a questioned cost is issued in the amount of \$119,466 for construction and administrative costs reported as CDBG over the pro-rata amount available and not properly reported. The Village should develop and implement controls to ensure compliance with grant agreements.

**FINDING NUMBER 2015-008
(Continued)**

The CDBG grant was a non-major federal program; however, the above issue was found while testing the Economic Development Administration Grant. Refer to finding number 2015-002 above, for related audit adjustments. The matter will be referred to the Ohio Department of Development.

Officials' Response:

We appreciate your comments and will implement your recommendations should we be awarded grants in the future. All grant monies were spent on the rail project for allowable expenditures. We drew down the total remaining amount of the A-E-11-2BU-1 grant in August 2015 after being told by the ODSA Section Supervisor, during a conference call on August 17, 2015, that we could draw down the balance.

**VILLAGE OF GREENFIELD
HIGHLAND COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR 200.511(b)
DECEMBER 31, 2015**

Finding Number	Finding Summary	Status	Additional Information
2014-001	Ohio Revised Code 5705.09 and 5705.10, requires Village to create a special fund for each class of revenue and revenue which the law does not prescribe a use to be paid into the General Fund. Also, GASB 54, provides guidance on properly accounting for special revenue and capital project funds.	Not Corrected	
2014-002	The Village lacked controls to ensure that certain transactions were posted accurately. Various audit adjustments and reclassifications were noted.	Not Corrected	

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Village of Greenfield

300 Jefferson Street
P. O. Box 300
Greenfield, Ohio 45123

CORRECTIVE ACTION PLAN 2 CFR § 200.511(c) [December 31, 2015]

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2015-001	We have begun implementing corrective procedures and will continue to make advancements in our internal control procedures. All recommendations for adjustments to financial statements and accounting records have been completed.	Immediately	Carolyn Snodgrass
2015-002	We have begun implementing corrective procedures and will continue to make advancements in our internal control procedures. All recommendations for adjustments to financial statements and accounting records have been completed.	Immediately	Carolyn Snodgrass
2015-003	We appreciate your comments and will implement your recommendations should we be awarded grants in the future.	Immediately	Carolyn Snodgrass
2015-004	We appreciate your comments and will implement your recommendations should we be awarded grants in the future.	Immediately	Carolyn Snodgrass
2015-005	We appreciate your comments and will implement your recommendations should we be awarded grants in the future.	Immediately	Carolyn Snodgrass
2015-006	We appreciate your comments and will implement your recommendations should we be awarded grants in the future.	Immediately	Carolyn Snodgrass
2015-007	All reports we were instructed by EDA to complete were submitted on forms supplied by the EDA, submitted when due and completed as instructed by our EDA Project Engineer. All semi-annual "Federal Financial Reports" were submitted on SF 425 forms.	Immediately	Carolyn Snodgrass

CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
[December 31, 2015]

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2015-008	We appreciate your comments and will implement your recommendations should we be awarded grants in the future. All grant monies were spent on the rail project for allowable expenditures. We drew down the total remaining amount of the A-E-2BU-1 grant in August, 2015 after being told by the ODSA Section Supervisor, during a conference call on August 17, 2015, that we could draw down the balance.	Immediately	Carolyn Snodgrass



Dave Yost • Auditor of State

VILLAGE OF GREENFIELD

HIGHLAND COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
NOVEMBER 9, 2017