



Mary Taylor, CPA
Auditor of State

VILLAGE OF GREEN SPRINGS
SENECA COUNTY

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Mary Taylor, CPA
Auditor of State

Village of Green Springs
Seneca County
120 Catherine Street, P. O. Box 536
Green Springs, Ohio 44836-0536

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

Mary Taylor

Mary Taylor, CPA
Auditor of State

July 29, 2009

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of Green Springs
Seneca County
120 Catherine Street, P. O. Box 536
Green Springs, Ohio 44836-0536

To the Village Council:

We have audited the accompanying financial statements of the Village of Green Springs, Seneca County, Ohio (the Village), as of and for the years ended December 31, 2008 and 2007. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2008 and 2007 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2008 and 2007 or its changes in financial position or cash flows, where applicable for the years then ended.

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Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Village of Green Springs, Seneca County, as of December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 29, 2009, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

July 29, 2009

**VILLAGE OF GREEN SPRINGS
SENECA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<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	\$45,716	\$37,800			\$83,516
Municipal Income Tax	260,990				260,990
Intergovernmental	98,757	88,395	\$90,504		277,656
Charges for Services	8,751				8,751
Fines, Licenses and Permits	7,559				7,559
Earnings on Investments	24,102	2,980		\$5	27,087
Miscellaneous	13,505	150			13,655
Total Cash Receipts	<u>459,380</u>	<u>129,325</u>	<u>90,504</u>	<u>5</u>	<u>679,214</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	51,586	108,308			159,894
Public Health Services	12,979	150			13,129
Leisure Time Activities	15,739				15,739
Community Environment	862	8,000			8,862
Transportation	63,573	63,696			127,269
General Government	113,763				113,763
Capital Outlay	51,579	25,006	117,892		194,477
Total Cash Disbursements	<u>310,081</u>	<u>205,160</u>	<u>117,892</u>		<u>633,133</u>
Total Receipts Over/(Under) Disbursements	<u>149,299</u>	<u>(75,835)</u>	<u>(27,388)</u>	<u>5</u>	<u>46,081</u>
Other Financing Receipts / (Disbursements):					
Proceeds from Sale of Public Debt:					
Other Debt Proceeds			27,388		27,388
Transfers-In	5,000	80,000			85,000
Transfers-Out	(80,000)				(80,000)
Total Other Financing Receipts / (Disbursements)	<u>(75,000)</u>	<u>80,000</u>	<u>27,388</u>		<u>32,388</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	74,299	4,165		5	78,469
Fund Cash Balances, January 1	564,835	173,603	89,243	6,758	834,439
Fund Cash Balances, December 31	<u>\$639,134</u>	<u>\$177,768</u>	<u>\$89,243</u>	<u>\$6,763</u>	<u>\$912,908</u>
Reserve for Encumbrances, December 31	<u>\$11,968</u>	<u>\$5,292</u>	<u>\$7,918</u>		<u>\$25,178</u>

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

**VILLAGE OF GREEN SPRINGS
SENECA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$598,682		\$598,682
Fines, Licenses and Permits		\$5,401	5,401
Total Operating Cash Receipts	<u>598,682</u>	<u>5,401</u>	<u>604,083</u>
Operating Cash Disbursements:			
Personal Services	70,552		70,552
Employee Fringe Benefits	34,830		34,830
Contractual Services	561,148		561,148
Supplies and Materials	29,236		29,236
Other	511		511
Total Operating Cash Disbursements	<u>696,277</u>		<u>696,277</u>
Operating Income/(Loss)	<u>(97,595)</u>	<u>5,401</u>	<u>(92,194)</u>
Non-Operating Cash Receipts:			
Other Debt Proceeds	225,154		225,154
Miscellaneous Receipts		1,045	1,045
Total Non-Operating Cash Receipts	<u>225,154</u>	<u>1,045</u>	<u>226,199</u>
Non-Operating Cash Disbursements:			
Capital Outlay	31,737		31,737
Redemption of Principal	18,995		18,995
Interest and Other Fiscal Charges	14,947		14,947
Total Non-Operating Cash Disbursements	<u>65,679</u>		<u>65,679</u>
Excess of Receipts Over Disbursements Before Interfund Transfers	61,880	6,446	199,684
Transfers-Out		(5,000)	(5,000)
Net Receipts Over Disbursements	61,880	1,446	194,684
Fund Cash Balances, January 1	<u>403,827</u>	<u>637</u>	<u>404,464</u>
Fund Cash Balances, December 31	<u>\$465,707</u>	<u>\$2,083</u>	<u>\$467,790</u>
Reserve for Encumbrances, December 31	<u>\$31,659</u>		<u>\$31,659</u>

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

**VILLAGE OF GREEN SPRINGS
SENECA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<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	\$48,099	\$42,621			\$90,720
Municipal Income Tax	250,141				250,141
Intergovernmental	97,544	91,558	\$16,200		205,302
Charges for Services	11,520				11,520
Fines, Licenses and Permits	7,215				7,215
Earnings on Investments	51,379	7,404		\$15	58,798
Miscellaneous	11,144	50			11,194
Total Cash Receipts	<u>477,042</u>	<u>141,633</u>	<u>16,200</u>	<u>15</u>	<u>634,890</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	49,447	102,397			151,844
Public Health Services	16,931	145			17,076
Leisure Time Activities	15,009				15,009
Community Environment	1,213	1,490			2,703
Transportation	54,505	58,042			112,547
General Government	111,403				111,403
Capital Outlay	31,071	47,694	209,222		287,987
Total Cash Disbursements	<u>279,579</u>	<u>209,768</u>	<u>209,222</u>		<u>698,569</u>
Total Receipts Over/(Under) Disbursements	<u>197,463</u>	<u>(68,135)</u>	<u>(193,022)</u>	<u>15</u>	<u>(63,679)</u>
Other Financing Receipts / (Disbursements):					
Proceeds from Sale of Public Debt:					
Other Debt Proceeds			193,022		193,022
Transfers-In	7,800	80,083			87,883
Transfers-Out	(80,083)				(80,083)
Total Other Financing Receipts / (Disbursements)	<u>(72,283)</u>	<u>80,083</u>	<u>193,022</u>		<u>200,822</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Receipts	<u>125,180</u>	<u>11,948</u>		<u>15</u>	<u>137,143</u>
Fund Cash Balances, January 1	<u>439,655</u>	<u>161,655</u>	<u>89,243</u>	<u>6,743</u>	<u>697,296</u>
Fund Cash Balances, December 31	<u>\$564,835</u>	<u>\$173,603</u>	<u>\$89,243</u>	<u>\$6,758</u>	<u>\$834,439</u>
Reserve for Encumbrances, December 31	<u>\$13,147</u>	<u>\$13,951</u>	<u>\$19,559</u>		<u>\$46,657</u>

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

**VILLAGE OF GREEN SPRINGS
SENECA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$578,739		\$578,739
Fines, Licenses and Permits		\$5,041	5,041
Miscellaneous	12,427	1,529	13,956
Total Operating Cash Receipts	<u>591,166</u>	<u>6,570</u>	<u>597,736</u>
Operating Cash Disbursements:			
Personal Services	68,638		68,638
Employee Fringe Benefits	26,753		26,753
Contractual Services	437,368		437,368
Supplies and Materials	41,868		41,868
Other	1,620		1,620
Total Operating Cash Disbursements	<u>576,247</u>		<u>576,247</u>
Operating Income	<u>14,919</u>	<u>6,570</u>	<u>21,489</u>
Non-Operating Cash Receipts:			
Miscellaneous Receipts		836	836
Non-Operating Cash Disbursements:			
Capital Outlay	83,003		83,003
Redemption of Principal	12,737		12,737
Interest and Other Fiscal Charges	15,448		15,448
Total Non-Operating Cash Disbursements	<u>111,188</u>		<u>111,188</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers	(96,269)	7,406	133,513
Transfers-Out		(7,800)	(7,800)
Net Receipts Under Disbursements	(96,269)	(394)	125,713
Fund Cash Balances, January 1	500,096	1,031	501,127
Fund Cash Balances, December 31	<u>\$403,827</u>	<u>\$637</u>	<u>\$404,464</u>
Reserve for Encumbrances, December 31	<u>\$23,189</u>		<u>\$23,189</u>

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

**VILLAGE OF GREEN SPRINGS
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Green Springs, Seneca County, Ohio (the Village), as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, and police services. The Village appropriates general fund money to support a volunteer fire department.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This 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 the Auditor of State prescribes or permits.

C. 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.

The Village values certificates of deposit at cost.

D. Fund Accounting

The Village uses fund accounting to segregate cash that is restricted as to use. The Village classifies its funds into the following types:

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from private-purpose 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.

**VILLAGE OF GREEN SPRINGS
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

Police Operating Fund – This fund receives property tax revenues for operating the police department.

3. Capital Project Fund

This fund accounts for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project fund:

Capital Improvement Fund – This fund receives loan proceeds from the Ohio Public Works Commission (OPWC) for construction of street water line improvements.

4. Permanent Fund

This fund accounts for assets held under a trust agreement that are legally restricted to the extent that only earnings, not principal, are available to support the Village's programs. The Village had the following significant permanent fund:

Cemetery Endowment Fund – This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Village's cemetery.

5. Enterprise Funds

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

Water Fund - This fund receives charges for services from residents to cover water service costs.

Sewer Fund - This fund receives charges for services from residents to cover sewer service costs.

6. 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 activity.

**VILLAGE OF GREEN SPRINGS
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

E. Budgetary Process

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

1. Appropriations

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

2. 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 also approve estimated resources.

3. 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.

A summary of 2008 and 2007 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

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

G. 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.

2. Equity in Pooled Deposits

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

	<u>2008</u>	<u>2007</u>
Demand deposits	\$1,080,125	\$865,090
Certificates of deposit	300,573	373,813
Total deposits	<u>\$1,380,698</u>	<u>\$1,238,903</u>

**VILLAGE OF GREEN SPRINGS
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

2. Equity in Pooled Deposits (Continued)

Deposits: Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2008 and 2007 follows:

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$485,265	\$464,380	(\$20,885)
Special Revenue	210,675	209,325	(1,350)
Capital Projects	409,070	117,892	(291,178)
Enterprise	873,953	823,836	(50,117)
Permanent		5	5
Total	\$1,978,963	\$1,615,438	(\$363,525)

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$564,992	\$402,049	\$162,943
Special Revenue	248,800	210,452	38,348
Capital Projects	536,276	125,810	410,466
Enterprise	1,042,132	793,615	248,517
Permanent	700		700
Total	\$2,392,900	\$1,531,926	\$860,974

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$495,931	\$484,842	(\$11,089)
Special Revenue	228,594	221,716	(6,878)
Capital Projects	209,227	209,222	(5)
Enterprise	604,727	591,166	(13,561)
Permanent	10	15	5
Total	\$1,538,489	\$1,506,961	(\$31,528)

**VILLAGE OF GREEN SPRINGS
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

3. Budgetary Activity (Continued)

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$511,776	\$372,809	\$138,967
Special Revenue	251,479	223,719	27,760
Capital Projects	491,150	228,781	262,369
Enterprise	828,840	710,624	118,216
Permanent	5,000		5,000
Total	\$2,088,245	\$1,535,933	\$552,312

Contrary to Ohio law, appropriations exceeded estimated resources in the Maple Lane Relief project fund by \$116,808 for the year ended December 31, 2008. Also, contrary to Ohio law, the Village did not obtain reduced amended certificates for the same fund in the amount of \$291,178.

4. Property Tax

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

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

5. Local Income Tax

The Village levies a municipal income tax of one 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 GREEN SPRINGS
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

6. Debt

Debt outstanding at December 31, 2008 was as follows:

	Principal	Interest Rate
General Obligation Note	\$37,000	5.85%
Ohio Public Works Commission Loans	309,958	0%
Ohio Water Development Authority Loan	478,726	4.66-4.78%
Total	\$825,684	

The Ohio Water Development Authority (OWDA) loan relates to the replacement of the elevated water storage tank project the Ohio Environmental Protection Agency mandated. The OWDA approved up to \$294,540 in loans to the Village for this project. The Village will repay the loans in semiannual installments of \$9,270, including interest, over 30 years. In 2008, a new loan was approved for the Collection System and Waste Water Treatment Improvements in the amount of \$211,750. No amortization schedule was available for this loan as of December 31, 2008 because it became part of a larger loan for Waste Water Treatment Plant/Combined Sewer Operation project, the OWDA approved for up to \$1,508,309 in January 29, 2009. Water and sewer receipts collateralize the loans. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Village issued a general obligation note for working capital for water system and services. Water receipts collateralize the loan.

The Ohio Public Works Commission (OPWC) loan relates to the replacement of the elevated water storage tank project. The OPWC approved up to \$107,282 loan to the Village for this project. During our audit period two new loans were approved for waterline and sewer projects. The OPWC approved \$23,842 and \$209,970 respectively. The loans will be repaid in semiannual installments over 20 and 30 years respectively. These loans are collateralized by water receipts.

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

Year ending December 31:	OWDA Loans	OPWC Loan	General Obligation Notes
2009	\$18,541	\$13,555	\$38,572
2010	18,541	13,555	
2011	18,541	13,555	
2012	18,541	13,555	
2013	18,541	13,555	
2014-2018	92,705	67,775	
2019-2023	92,712	67,776	
2024-2028	92,705	43,640	
2029-2033	84,958	34,995	
2034-2038		27,997	
Total	\$455,785	\$309,958	\$38,572

**VILLAGE OF GREEN SPRINGS
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

7. Retirement Systems

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 System (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. For 2008 and 2007, OP&F participants contributed 10% of their wages. For 2008 and 2007, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2008 and 2007, OPERS members contributed 9.5 and 10%, respectively, of their gross salaries and the Village contributed an amount equaling 13.85% and 14%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2008.

8. Risk Management

The Village belongs to the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to over 550 Ohio governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures the Plan with A- VII or better rated carriers, except the Plan retains the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,000 of property losses. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31: 2007 and 2006 (the latest information available):

	2007	2006
Assets	\$11,136,455	\$9,620,148
Liabilities	(4,273,553)	(3,329,620)
Members' Equity	\$6,862,902	\$6,290,528

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, www.ohioplan.org.

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Mary Taylor, CPA

Auditor of State

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

Village of Green Springs
Seneca County
120 Catherine Street, P. O. Box 536
Green Springs, Ohio 44836-0536

To the Village Council:

We have audited the financial statements of the Village of Green Springs, Seneca County, Ohio (the Village), as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated July 29, 2009, wherein we noted the Village prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also noted the Village uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Village. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Village's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

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www.auditor.state.oh.us

We noted certain matters that we reported to the Village's management in a separate letter dated July 29, 2009.

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, providing an opinion 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 instances of noncompliance that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2008-001 thru 2008-003.

We also noted certain noncompliance matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated July 29, 2009.

We intend this report solely for the information and use of the audit committee, management, and Village Council. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

July 29, 2009

VILLAGE OF GREEN SPRINGS
SENECA COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007

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

FINDING NUMBER 2008-001

Finding for Recovery Repaid Under Audit

On July 20, 2007, Jarrett Tree Service billed the Village \$5,410 for services provided to the Village. On August 7, 2007, the Village paid Jarrett Tree Services \$6,410. This resulted in an over payment of \$1,000.

In accordance with the forgoing facts, and pursuant to **Ohio Rev. Code Section 117.28**, a Finding for Recovery for public money illegally expended is hereby issued against Jarrett Tree Service and in favor of the Village of Green Springs General Fund in the amount of \$1,000.

The Finding was repaid on July 10, 2009 and was credited to the General Fund.

FINDING NUMBER 2008-002

Noncompliance Citation

Ohio Revised Code, § 5705.36 (A)(4), requires obtaining a reduced amended certificate if the amount of the deficiency will reduce available resources below the current level of appropriation.

In 2008, the actual receipts were \$291,178 less than estimated receipts in the Maple Lane Relief Fund. In addition, actual receipts were less than appropriations. The Village did not request a reduced certificate of estimated resources and did not reduce appropriations.

We recommend the Village obtain amended certificates as required and/or reduce appropriations.

FINDING NUMBER 2008-003

Noncompliance Citation

Ohio Revised Code, § 5705.39, provides in part that total appropriations for each fund shall not exceed total estimated resources.

The Village Maple Lane Relief fund had appropriations of \$506,714 which exceeded the amended certificate of estimated resources of \$389,906 by \$116,808.

To avoid over appropriating, we recommend the Village monitor appropriations and estimated resources to ensure appropriations do not exceed the amount of estimated resources.

Officials' Response:

We did not receive a response from Officials to the findings reported above.

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**VILLAGE OF GREEN SPRINGS
SENECA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2006-001	Noncompliance citation – ORC § 5705.41(B) for expenditures in excess of appropriations	Yes	
2006-002	Material Weakness – due to errors noted in Financial Reporting	No	Improvement made, reducing this to a management letter comment.



Mary Taylor, CPA
Auditor of State

VILLAGE OF GREEN SPRINGS

SENECA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 25, 2009**