



Dave Yost • Auditor of State



**VILLAGE OF GREEN SPRINGS  
SENECA COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Village Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements and related notes of the Village of Green Springs, Seneca County, Ohio (the Village) as of and for the years ended December 31, 2012 and 2011.

### ***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 of 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 opinion.

### ***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, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2012 and 2011, or changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Green Springs, Seneca County, Ohio as of December 31, 2012 and 2011, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

***Emphasis of Matter***

As discussed in Note 2 to the financial statements, during 2011 the Village of Green Springs adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Our opinion is not modified with respect to this matter.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2013, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State

Columbus, Ohio

December 20, 2013

**VILLAGE OF GREEN SPRINGS  
SENECA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$53,866	\$40,167		\$94,033
Municipal Income Tax	261,226			261,226
Intergovernmental	61,585	84,159	\$2,486	148,230
Charges for Services	2,780			2,780
Fines, Licenses and Permits	14,437	682		15,119
Earnings on Investments	1,081	142		1,223
Miscellaneous	8,148	875		9,023
<i>Total Cash Receipts</i>	<u>403,123</u>	<u>126,025</u>	<u>2,486</u>	<u>531,634</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	56,783	121,287		178,070
Public Health Services	12,657	164		12,821
Leisure Time Activities	14,622			14,622
Community Environment	1,928			1,928
Basic Utility Services	2,191			2,191
Transportation	49,590	73,214		122,804
General Government	127,572			127,572
Capital Outlay	21,866	36,699	2,486	61,051
Debt Service:				
Principal Retirement		7,066		7,066
<i>Total Cash Disbursements</i>	<u>287,209</u>	<u>238,430</u>	<u>2,486</u>	<u>528,125</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>115,914</u>	<u>(112,405)</u>		<u>3,509</u>
<b>Other Financing Receipts (Disbursements)</b>				
Sale of Capital Assets	11,211			11,211
Transfers In		81,500		81,500
Transfers Out	(81,500)			(81,500)
Other Financing Uses	(86)			(86)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(70,375)</u>	<u>81,500</u>		<u>11,125</u>
<i>Net Change in Fund Cash Balances</i>	45,539	(30,905)		14,634
<i>Fund Cash Balances, January 1</i>	<u>492,472</u>	<u>168,370</u>	<u>50,162</u>	<u>711,004</u>
<b>Fund Cash Balances, December 31</b>				
Restricted		137,465	50,162	187,627
Assigned	290,409			290,409
Unassigned	247,602			247,602
<i>Fund Cash Balances, December 31</i>	<u>\$538,011</u>	<u>\$137,465</u>	<u>\$50,162</u>	<u>\$725,638</u>

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

**VILLAGE OF GREEN SPRINGS  
SENECA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	Proprietary Fund Type	Fiduciary Fund Type		Totals
	Enterprise	Agency	Private Purpose Trust	(Memorandum Only)
<b>Operating Cash Receipts</b>				
Charges for Services	\$888,242			\$888,242
Fines, Licenses and Permits		\$5,038		5,038
Miscellaneous	2			2
<i>Total Operating Cash Receipts</i>	<u>888,244</u>	<u>5,038</u>		<u>893,282</u>
<b>Operating Cash Disbursements</b>				
Personal Services	64,030			64,030
Employee Fringe Benefits	18,520			18,520
Contractual Services	482,398	5,720		488,118
Supplies and Materials	17,088			17,088
Other	176			176
<i>Total Operating Cash Disbursements</i>	<u>582,212</u>	<u>5,720</u>		<u>587,932</u>
<i>Operating Income (Loss)</i>	<u>306,032</u>	<u>(682)</u>		<u>305,350</u>
<b>Non-Operating Receipts (Disbursements)</b>				
Other Debt Proceeds	173,271			173,271
Capital Outlay	(198,504)			(198,504)
Principal Retirement	(62,575)			(62,575)
Interest and Other Fiscal Charges	(12,030)			(12,030)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(99,838)</u>			<u>(99,838)</u>
<i>Income (Loss) before Transfers</i>	206,194	(682)		205,512
Transfers In	42,795			42,795
Transfers Out	(42,795)			(42,795)
<i>Net Change in Fund Cash Balances</i>	206,194	(682)		205,512
<i>Fund Cash Balances, January 1</i>	<u>246,163</u>	<u>1,158</u>	<u>\$11,765</u>	<u>259,086</u>
<i>Fund Cash Balances, December 31</i>	<u>\$452,357</u>	<u>\$476</u>	<u>\$11,765</u>	<u>\$464,598</u>

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



**VILLAGE OF GREEN SPRINGS  
SENECA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$57,512	\$41,068		\$98,580
Municipal Income Tax	260,011			260,011
Intergovernmental	83,577	81,548	\$271,913	437,038
Charges for Services	5,138			5,138
Fines, Licenses and Permits	20,642	341		20,983
Earnings on Investments	1,951	605		2,556
Miscellaneous	5,251	3,667		8,918
<i>Total Cash Receipts</i>	<u>434,082</u>	<u>127,229</u>	<u>271,913</u>	<u>833,224</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	57,881	131,020		188,901
Public Health Services	14,705	800		15,505
Leisure Time Activities	15,391			15,391
Community Environment	1,359			1,359
Basic Utility Services	2,838			2,838
Transportation	60,873	65,769		126,642
General Government	170,488			170,488
Capital Outlay	65,531	588	296,793	362,912
Debt Service:				
Principal Retirement	2,533	1,000		3,533
<i>Total Cash Disbursements</i>	<u>391,599</u>	<u>199,177</u>	<u>296,793</u>	<u>887,569</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>42,483</u>	<u>(71,948)</u>	<u>(24,880)</u>	<u>(54,345)</u>
<b>Other Financing Receipts (Disbursements)</b>				
Other Debt Proceeds			29,048	29,048
Transfers In		80,000		80,000
Transfers Out	(80,000)			(80,000)
Other Financing Uses	(257)			(257)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(80,257)</u>	<u>80,000</u>	<u>29,048</u>	<u>28,791</u>
<i>Net Change in Fund Cash Balances</i>	<u>(37,774)</u>	<u>8,052</u>	<u>4,168</u>	<u>(25,554)</u>
<i>Fund Cash Balances, January 1, Restated</i>	<u>530,246</u>	<u>160,318</u>	<u>45,994</u>	<u>736,558</u>
<b>Fund Cash Balances, December 31</b>				
Restricted		168,370	50,162	218,532
Assigned	129,102			129,102
Unassigned	363,370			363,370
<i>Fund Cash Balances, December 31</i>	<u>\$492,472</u>	<u>\$168,370</u>	<u>\$50,162</u>	<u>\$711,004</u>

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

**VILLAGE OF GREEN SPRINGS  
SENECA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Proprietary Fund Type	Fiduciary Fund Type		Totals
	Enterprise	Agency	Private Purpose Trust	(Memorandum Only)
<b>Operating Cash Receipts</b>				
Charges for Services	\$651,771			\$651,771
Fines, Licenses and Permits		\$3,049		3,049
Miscellaneous	687			687
<i>Total Operating Cash Receipts</i>	<u>652,458</u>	<u>3,049</u>		<u>655,507</u>
<b>Operating Cash Disbursements</b>				
Personal Services	66,787			66,787
Employee Fringe Benefits	20,178			20,178
Contractual Services	674,277	11,967		686,244
Supplies and Materials	20,747			20,747
Other	840			840
<i>Total Operating Cash Disbursements</i>	<u>782,829</u>	<u>11,967</u>		<u>794,796</u>
<i>Operating Loss</i>	<u>(130,371)</u>	<u>(8,918)</u>		<u>(139,289)</u>
<b>Non-Operating Receipts (Disbursements)</b>				
Other Debt Proceeds	149,289			149,289
Miscellaneous Receipts	661			661
Capital Outlay	(157,728)			(157,728)
Principal Retirement	(56,217)			(56,217)
Interest and Other Fiscal Charges	(12,601)		\$2	(12,599)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(76,596)</u>		<u>2</u>	<u>(76,594)</u>
<i>Net Change in Fund Cash Balances</i>	<u>(206,967)</u>	<u>(8,918)</u>	<u>2</u>	<u>(215,883)</u>
<i>Fund Cash Balances, January 1 , Restated</i>	<u>453,130</u>	<u>10,076</u>	<u>11,763</u>	<u>474,969</u>
<i>Fund Cash Balances, December 31</i>	<u>\$246,163</u>	<u>\$1,158</u>	<u>\$11,765</u>	<u>\$259,086</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, 2012 AND 2011**

**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. 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 accounts for and reports all financial resources not accounted for and reported in another fund.

**2. Special Revenue Funds**

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

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

Police Operating Fund – This fund receives property tax for law enforcement services for the Village.

**3. Capital Project Funds**

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

**VILLAGE OF GREEN SPRINGS  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

Project Fund:

Phase III Sewer Separation Fund – This fund receives loan proceeds from the Ohio Public Works Commission (OPWC) for construction of a sewer separation project.

**4. 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.

**5. 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.

The Village's private purpose trust funds are for the benefit of certain individuals' lots and the Green Springs Cemetery

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.

**D. Budgetary Process**

The Ohio Revised Code requires that each fund 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.

**VILLAGE OF GREEN SPRINGS  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**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 re-appropriated.

A summary of 2012 and 2011 budgetary activity appears in Note 4.

**E. 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. Nonspendable**

The Village classifies assets as *nonspendable* 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 amend 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 Village Council or a Village official delegated that authority by resolution, or by State Statute.

**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.

**VILLAGE OF GREEN SPRINGS  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**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. Change in Accounting Principle and Restatement of Fund Equity**

During 2011, the Village reclassified certain funds as required by the revised fund classification guidance in Governmental Accounting Standard Board (GASB) Statement No. 54. Implementing GASB Statement No. 54 had the following effect on fund balances previously reported:

Also during 2011, they Village reclassified a portion of the Mayor's Court Agency Fund balance to properly account for the revenues of their Court Computerization Special Revenue Fund as required by the Ohio Revised Code. This had the following effect on fund balances previously reported:

	Fund Balance at December 31, 2010	Court Computerization Change	GASB 54 Change in Fund Structure	Fund Balance at January 1, 2011
Special Revenue	\$163,932	\$1,386	(\$5,000)	\$160,318
Permanent	6,763		(6,763)	
Agency	11,462	(1,386)		10,076
Private Purpose Trust			11,763	11,763

**3. 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:

	2012	2011
Demand deposits	\$1,141,214	\$681,005
Certificates of deposit	48,822	288,885
Cash on Hand	200	200
Total deposits	<u>\$1,190,236</u>	<u>\$970,090</u>

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

**4. Budgetary Activity**

Budgetary activity for the years ending 2012 and 2011 follows:

**VILLAGE OF GREEN SPRINGS  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

2012 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$471,750	\$414,334	(\$57,416)
Special Revenue	226,082	207,525	(18,557)
Capital Projects	12,815	2,486	(10,329)
Enterprise	921,971	1,104,310	182,339
Fiduciary	4,135	5,038	903
Total	<u>\$1,636,753</u>	<u>\$1,733,693</u>	<u>\$96,940</u>

2012 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$600,852	\$372,774	\$228,078
Special Revenue	279,171	240,375	38,796
Capital Projects	52,815	2,486	50,329
Enterprise	1,076,438	931,459	144,979
Fiduciary	5,770	5,720	50
Total	<u>\$2,015,046</u>	<u>\$1,552,814</u>	<u>\$462,182</u>

2011 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$462,240	\$434,082	(\$28,158)
Special Revenue	221,441	207,229	(14,212)
Capital Projects	487,047	300,961	(186,086)
Enterprise	858,589	802,408	(56,181)
Fiduciary	5,576	3,051	(2,525)
Total	<u>\$2,034,893</u>	<u>\$1,747,731</u>	<u>(\$287,162)</u>

2011 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$669,750	\$474,458	\$195,292
Special Revenue	270,826	200,148	70,678
Capital Projects	581,359	300,326	281,033
Enterprise	1,203,549	1,020,242	183,307
Fiduciary	12,050	11,967	83
Total	<u>\$2,737,534</u>	<u>\$2,007,141</u>	<u>\$730,393</u>

**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 the Village.

**VILLAGE OF GREEN SPRINGS  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

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.

During 2012 and 2011, the Village collected \$261,226 and \$260,011 respectively.

**6. 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.

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

**7. Debt**

Debt outstanding at December 31, 2012 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan 3892	\$201,072	4.78%
Ohio Water Development Authority Loan 4042	40,532	4.66%
Ohio Water Development Authority Loan 5070	346,761	0%
Ohio Public Works Commission Loan CP12F	61,687	0%
Ohio Public Works Commission Loan CT58K	19,074	0%
Ohio Public Works Commission Loan CP29J	174,976	0%
Ohio Public Works Commission Loan CP17L	138,972	0%
Ohio Public Works Commission Loan CP24M	62,070	0%
Ohio Public Works Commission Loan CP35M	51,670	0%
Ohio Public Works Commission Loan CT65N	46,330	0%
Ohio Public Works Commission Loan CT91M	201,392	0%
Ohio Public Works Commission Loan CP24O	170,383	0%
Total	<u><u>\$1,514,919</u></u>	

The Ohio Water Development Authority (OWDA) loan 3892 relates to the replacement of the elevated water storage tank project the Ohio Environmental Protection Agency mandated. The OWDA approved up to \$294,575 to the Village for this project. The Village will repay the loan in semiannual installments, including interest over 30 years. Water and sewer receipts collateralize the loans. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan 4042 relates to the Collection System and Waste Water Treatment Improvements in the amount of \$48,966. The Village will repay the loan in semiannual installments, including interest over 30 years. Water and sewer receipts collateralize



**VILLAGE OF GREEN SPRINGS  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

the loans. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development Authority (OWDA) loan 5070 relates to the Waste Water Treatment Plant/Combined Sewer Operations project approved for up to \$1,508,309 of this \$1,089,339 was approved as principal forgiveness. The Village will repay the loan in semiannual installments over 30 years. Water and sewer receipts collateralize the loans. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Public Works Commission (OPWC) loan CP12F relates to the replacement of the elevated water storage tank project. The OPWC approved up to \$107,282 for this project. The Village will repay the loan in semiannual installments over 20 years. Water and sewer receipts collateralize the loans. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The Ohio Public Works Commission (OPWC) loan CT58K relates to the Maple Lane Sanitary Relief Sewer project. The OPWC approved up to \$149,770 for this project. The Village will repay the loan in semiannual installments over 20 years. Water and sewer receipts collateralize the loans. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The Ohio Public Works Commission (OPWC) loan CP29J relates to the Kansas Street and Morgan Street Water Line Improvement projects. The OPWC approved up to \$284,806 for this project. The Village will repay the loan in semiannual installments over 30 years. Water and sewer receipts collateralize the loans. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The Ohio Public Works Commission (OPWC) loan CP17L relates to the Maple Lane Sanitary Relief Sewer Phase II project. The OPWC approved up to \$157,327 for this project. The Village will repay the loan in semiannual installments over 30 years. Water and sewer receipts collateralize the loans. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The Ohio Public Works Commission (OPWC) loan CP24M relates to the Sewer Separation Improvements Phase I project. The OPWC approved up to \$67,713 for this project. The Village will repay the loan in semiannual installments over 30 years. Water and sewer receipts collateralize the loans. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The Ohio Public Works Commission (OPWC) loan CP35M relates to the South Kansas Emergency Waterline project. The OPWC approved up to \$57,411 for this project. The Village will repay the loan in semiannual installments over 30 years. Water and sewer receipts collateralize the loans. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The Ohio Public Works Commission (OPWC) loan CT65N relates to the Sewer Separation Improvements Phase II project. The OPWC approved up to \$48,768 for this project. The Village will repay the loan in semiannual installments over 30 years. Water and sewer receipts collateralize the loans. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The Ohio Public Works Commission (OPWC) loan CT91M relates to the West Adams Street Improvements project. The OPWC approved up to \$246,600 for this project. The Village will repay the loan in semiannual installments over 30 years. Water and sewer receipts collateralize the loans. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

**VILLAGE OF GREEN SPRINGS  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

requirements.

The Ohio Public Works Commission (OPWC) loan CP24O relates to the Sewer Separation Improvements Phase III project. The OPWC approved up to \$173,271 for this project. The Village will repay the loan in semiannual installments over 30 years. Water and sewer receipts collateralize the loans. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

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

Year ending December 31:	OWDA Loan 3892	OWDA Loan 4042	OWDA Loan 5070	OPWC Loan CP12F	OPWC Loan CT58K	OPWC Loan CP29J
2013	\$15,494	\$3,047	\$ 20,398	\$5,364	\$1,192	\$6,999
2014	15,494	3,047	20,398	5,364	1,192	6,999
2015	15,494	3,047	20,398	5,364	1,192	6,999
2016	15,494	3,047	20,398	5,364	1,192	6,999
2017	15,494	3,048	20,398	5,364	1,192	6,999
2018-2022	77,473	15,231	101,988	26,820	5,960	34,995
2023-2027	77,472	15,235	101,988	8,047	5,960	34,995
2028-2032	77,472	15,235	40,795		1,194	34,995
2033-2037	7,748	3,045				34,996
Total	<u>\$317,635</u>	<u>\$63,982</u>	<u>\$ 346,761</u>	<u>\$61,687</u>	<u>\$19,074</u>	<u>\$174,976</u>

Year ending December 31:	OPWC Loan CP17L	OPWC Loan CP24M	OPWC Loan CP25M	OPWC Loan CT65N	OPWC Loan CT91M	OPWC Loan CP24O
2013	\$5,244	\$2,257	\$1,914	\$1,625	\$7,066	\$5,775
2014	5,244	2,257	1,914	1,626	7,066	5,775
2015	5,244	2,257	1,914	1,625	7,066	5,775
2016	5,244	2,257	1,914	1,626	7,066	5,775
2017	5,244	2,257	1,914	1,625	7,066	5,775
2018-2022	26,220	11,285	9,570	8,127	35,330	28,875
2023-2027	26,220	11,285	9,568	8,128	35,330	28,878
2028-2032	26,220	11,285	9,568	8,127	35,330	28,877
2033-2037	26,220	11,285	9,567	8,128	35,330	28,878
2038-2042	7,872	5,645	3,827	5,693	24,742	26,000
Total	<u>\$138,972</u>	<u>\$62,070</u>	<u>\$51,670</u>	<u>\$46,330</u>	<u>\$201,392</u>	<u>\$170,383</u>

**8. 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 this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2012 and 2011, OP&F participants contributed 10% of their wages. For 2012 and 2011, the Village contributed to OP&F an amount equal to 19.5% for full-time police members' wages. For 2012 and 2011, 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,

**VILLAGE OF GREEN SPRINGS  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

2012.

**9. Risk Management**

**Ohio Plan Risk Management, Inc. (OPRM)**

During 2011, the Village belonged to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as 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 Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan's property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 767 and 765 members as of December 31, 2012 and 2011 respectively.

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, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Assets	\$13,100,381	\$12,501,280
Liabilities	(6,687,193)	(5,328,761)
Members' Equity	<u>\$6,413,188</u>	<u>\$7,172,519</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**Public Entities Pool of Ohio (PEP)**

During 2012, the Village is exposed to various risks of property and casualty losses, and injuries to employees.

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

**VILLAGE OF GREEN SPRINGS  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

Compensation.

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

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2012, PEP retained \$350,000 for casualty claims and \$150,000 for property claims.

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

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Assets	\$34,389,569	\$33,362,404
Liabilities	<u>(14,208,353)</u>	<u>(14,187,273)</u>
Net Position	<u>\$20,181,216</u>	<u>\$19,175,131</u>

At December 31, 2012 and 2011, respectively, the liabilities above include approximately \$13.1 million and \$13.0 million of estimated incurred claims payable. The assets above also include approximately \$12.6 million and \$12.1 million of unpaid claims to be billed to approximately 466 and 455 member governments in the future, as of December 31, 2012 and 2011, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2012, the Government's share of these unpaid claims collectible in future years is approximately \$12,000.

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

<u>2012</u>
\$14,126

**VILLAGE OF GREEN SPRINGS  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

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

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

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 Village of Green Springs, Seneca County, Ohio (the Village) as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements and have issued our report thereon dated December 20, 2013 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit, and wherein the Village adopted Government Accounting Standards Board Statement No. 54 in 2011.

### ***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.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2012-001 described in the accompanying schedule of findings to be a material weakness.

### ***Compliance and Other Matters***

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant

One Government Center, Suite 1420, Toledo, Ohio 43604-2246  
Phone: 419-245-2811 or 800-443-9276 Fax: 419-245-2484  
[www.ohioauditor.gov](http://www.ohioauditor.gov)

agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Entity's Response to Findings***

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

***Purpose of this Report***

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

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

**Dave Yost**  
Auditor of State

Columbus, Ohio

December 20, 2013



**VILLAGE OF GREEN SPRINGS  
SENECA COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2012 AND 2011**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2012-001**

**Material Weakness**

**Financial Reporting**

The Village's management is responsible for the fair presentation of the financial statements. Errors were noted in the financial statements resulting in thirteen audit adjustments ranging in amounts from \$265 to \$290,409. The adjustments are as follows:

- During 2012 and 2011, Special Revenue Computerization Fund Fines, Licenses and Permit Revenues of \$682 and \$341, respectively, were improperly accounted for as Agency Fund Mayor's Court Miscellaneous Revenues.
- During 2011, General Fund Debt Principal Payment of \$2,533 was improperly accounted for as Capital Outlay.
- During 2012 and 2011, General Fund assigned fund balance of \$290,409 and \$129,102, respectively, was improperly accounted for as unassigned fund balance.
- During 2012, Private Purpose Trust Fund balance of \$6,765 was improperly accounted for as Permanent Fund restricted fund balance.
- During 2011, Private Purpose Trust Fund balance of \$6,765 was improperly accounted for as Permanent Fund nonspendable (\$6,500) and restricted (\$265) fund balance.
- During 2011, Capital Projects Fund restricted fund balance of \$45,994 was improperly accounted for as committed fund balance.
- During 2012, General Fund Sale of Capital Assets of \$11,211 was improperly accounted for as Miscellaneous Revenues.
- During 2012, General Fund Property Taxes of \$11,814 was improperly accounted for as Intergovernmental Revenues.
- During 2012 and 2011, Special Revenue Miscellaneous Revenues of \$450 and \$1,567, respectively, were improperly accounted for as an Extraordinary Item.
- During 2012 and 2011, Enterprise Fund Debt Proceeds and Capital Outlay of \$173,271 and \$149,289 respectively, were improperly accounted for as Capital Projects Intergovernmental Revenues and Capital Outlay.
- During 2011, Capital Projects Fund Debt Proceeds of \$29,048 were improperly accounted for as Intergovernmental Revenues.
- During 2012, Agency Fund Mayor's Court Fines, Licenses and Permit Revenues of \$398 was improperly accounted for as Miscellaneous Revenues.
- During 2011, General Fund portion of the Agency Fund Mayor's Court fees \$8,577 were improperly accounted for as Transfer Out of the Agency Fund and Transfer In to the General Fund, instead of expensed from the Agency Fund and receipted into the General Fund.

The accompanying financial statements and accounting records have been adjusted to correct these errors. To ensure the Village's financial statements and notes to the statements are complete and accurate, the Village should adopt policies and procedures, including a final review of the annual report by Council and audit committee to identify and correct errors and misclassifications.

**Officials' Response:**

We acknowledge the errors made in the years of the former Fiscal Officer. The new Fiscal Officer will properly post these transactions in the future.

**VILLAGE OF GREEN SPRINGS  
SENECA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2012 AND 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2010-001	Ohio Rev. Code §5705.41(D)(1) for failure to certify the availability of funds.	Yes	
2010-002	Material Weakness in financial reporting due to errors in financial statements.	No	Not corrected and repeated as Finding Number 2012-001 in this report.

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# Dave Yost • 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  
JANUARY 2, 2014**