

313 Second St.  
Marietta, OH 45750  
740.373.0056

1907 Grand Central Ave.  
Vienna, WV 26105  
304.422.2203

104 South Sugar St.  
St. Clairsville, OH 43950  
740.695.1569

1310 Market Street, Suite 300  
Wheeling, WV 26003  
304.232.1358



**VILLAGE OF GREEN SPRINGS  
SENECA COUNTY  
Regular Audit  
For the Years Ended December 31, 2016 and 2015**

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# Dave Yost • Auditor of State

Village Council  
Village of Green Springs  
P. O. Box 536  
Green Springs, Ohio 44836

We have reviewed the *Independent Auditor's Report* of the Village of Green Springs, Seneca County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2015 through December 31, 2016. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Green Springs is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

June 23, 2017

VILLAGE OF GREEN SPRINGS  
SENECA COUNTY

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## INDEPENDENT AUDITOR'S REPORT

May 17, 2017

Village of Green Springs  
Seneca County  
PO Box 536  
Green Springs, OH 44836

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 Green Springs**, Seneca County, (the Village) as of and for the years ended December 31, 2016 and 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.

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

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

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

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

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

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2016 and 2015, or changes in financial position or cash flows thereof for the years then ended.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Green Springs, Seneca County as of December 31, 2016 and 2015, 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 2.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 17, 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.



**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio

**VILLAGE OF GREEN SPRINGS  
SENECA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND  
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<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	\$ 61,392	\$ 123,226	\$ -	\$ 184,618
Municipal Income Tax	285,502	-	-	285,502
Intergovernmental	42,796	83,384	-	126,180
Charges for Services	20,580	-	-	20,580
Fines, Licenses and Permits	10,862	-	-	10,862
Earnings on Investments	778	107	-	885
Miscellaneous	4,350	80	-	4,430
<i>Total Cash Receipts</i>	<u>\$ 426,260</u>	<u>\$ 206,797</u>	<u>\$ -</u>	<u>\$ 633,057</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	62,907	149,161	-	212,068
Public Health Services	16,006	-	-	16,006
Leisure Time Activities	36,186	-	-	36,186
Community Environment	1,727	-	-	1,727
Transportation	8,040	98,662	-	106,702
General Government	244,040	1,825	-	245,865
Capital Outlay	38,931	-	40,000	78,931
Debt Service:				
Principal Retirement	-	7,066	-	7,066
<i>Total Cash Disbursements</i>	<u>407,837</u>	<u>256,714</u>	<u>40,000</u>	<u>704,551</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>18,423</u>	<u>(49,917)</u>	<u>(40,000)</u>	<u>(71,494)</u>
<b>Other Financing Receipts (Disbursements)</b>				
Sale of Fixed Assets	760	-	-	760
Transfers In	-	157,000	-	157,000
Transfers Out	(157,000)	-	-	(157,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(156,240)</u>	<u>157,000</u>	<u>-</u>	<u>760</u>
<i>Net Change in Fund Cash Balances</i>	<u>(137,817)</u>	<u>107,083</u>	<u>(40,000)</u>	<u>(70,734)</u>
<i>Fund Cash Balances, January 1</i>	<u>601,600</u>	<u>186,685</u>	<u>46,770</u>	<u>835,055</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	-	293,768	6,770	300,538
Assigned	312,595	-	-	312,595
Unassigned	151,188	-	-	151,188
<i>Fund Cash Balances, December 31</i>	<u><b>\$ 463,783</b></u>	<u><b>\$ 293,768</b></u>	<u><b>\$ 6,770</b></u>	<u><b>\$ 764,321</b></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 (REGULATORY CASH BASIS)  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>
	<u>Enterprise</u>	<u>Private Purpose Trust</u>
<b>Operating Cash Receipts</b>		
Charges for Services	\$ 834,284	\$ -
Earnings on Investments (trust funds only)	-	13
<i>Total Operating Cash Receipts</i>	<u>834,284</u>	<u>13</u>
<b>Operating Cash Disbursements</b>		
Personal Services	73,553	-
Employee Fringe Benefits	19,813	-
Contractual Services	579,458	-
Supplies and Materials	41,444	170
Other	225	-
<i>Total Operating Cash Disbursements</i>	<u>714,493</u>	<u>170</u>
<i>Operating Income (Loss)</i>	<u>119,791</u>	<u>(157)</u>
<b>Non-Operating (Disbursements)</b>		
Capital Outlay	(4,666)	-
Principal Retirement	(58,975)	-
Interest and Other Fiscal Charges	(7,838)	-
<i>Total Non-Operating (Disbursements)</i>	<u>(71,479)</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	48,312	(157)
<i>Fund Cash Balances, January 1</i>	<u>845,958</u>	<u>11,563</u>
<i>Fund Cash Balances, December 31</i>	<u><b>\$ 894,270</b></u>	<u><b>\$ 11,406</b></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 (REGULATORY CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<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	\$ 54,457	\$ 40,833	\$ -	\$ 95,290
Municipal Income Tax	259,700	-	-	259,700
Intergovernmental	50,612	88,138	-	138,750
Charges for Services	24,019	-	-	24,019
Fines, Licenses and Permits	11,224	-	-	11,224
Earnings on Investments	806	97	-	903
Miscellaneous	2,702	1,073	-	3,775
<i>Total Cash Receipts</i>	<u>\$ 403,520</u>	<u>\$ 130,141</u>	<u>\$ -</u>	<u>\$ 533,661</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	61,788	122,561	-	184,349
Public Health Services	25,570	-	-	25,570
Leisure Time Activities	39,875	-	-	39,875
Community Environment	1,744	-	-	1,744
Basic Utility Services	-	-	3,392	3,392
Transportation	7,644	101,822	-	109,466
General Government	227,536	-	-	227,536
Capital Outlay	20,923	-	-	20,923
Debt Service:				
Principal Retirement	-	7,066	-	7,066
<i>Total Cash Disbursements</i>	<u>385,080</u>	<u>231,449</u>	<u>3,392</u>	<u>619,921</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>18,440</u>	<u>(101,308)</u>	<u>(3,392)</u>	<u>(86,260)</u>
<b>Other Financing Receipts (Disbursements)</b>				
Transfers In	3,135	143,000	-	146,135
Transfers Out	(143,000)	(3,135)	-	(146,135)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(139,865)</u>	<u>139,865</u>	<u>-</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	<u>(121,425)</u>	<u>38,557</u>	<u>(3,392)</u>	<u>(86,260)</u>
<i>Fund Cash Balances, January 1</i>	<u>723,025</u>	<u>148,128</u>	<u>50,162</u>	<u>921,315</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	-	186,685	46,770	233,455
Assigned	324,819	-	-	324,819
Unassigned	276,781	-	-	276,781
<i>Fund Cash Balances, December 31</i>	<u><b>\$ 601,600</b></u>	<u><b>\$ 186,685</b></u>	<u><b>\$ 46,770</b></u>	<u><b>\$ 835,055</b></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 (REGULATORY CASH BASIS)  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>
	<u>Enterprise</u>	<u>Private Purpose Trust</u>
<b>Operating Cash Receipts</b>		
Charges for Services	\$ 857,937	\$ -
Earnings on Investments (trust funds only)	-	13
<i>Total Operating Cash Receipts</i>	<u>857,937</u>	<u>13</u>
<b>Operating Cash Disbursements</b>		
Personal Services	64,910	-
Employee Fringe Benefits	16,487	-
Contractual Services	605,064	-
Supplies and Materials	56,774	80
Other	234	-
<i>Total Operating Cash Disbursements</i>	<u>743,469</u>	<u>80</u>
<i>Operating Income (Loss)</i>	<u>114,468</u>	<u>(67)</u>
<b>Non-Operating (Disbursements)</b>		
Capital Outlay	(2,800)	-
Principal Retirement	(58,598)	-
Interest and Other Fiscal Charges	(10,713)	-
<i>Total Non-Operating (Disbursements)</i>	<u>(72,111)</u>	<u>-</u>
<i>Net Change in Fund Cash Balances</i>	42,357	(67)
<i>Fund Cash Balances, January 1</i>	<u>803,601</u>	<u>11,630</u>
<i>Fund Cash Balances, December 31</i>	<u><b>\$ 845,958</b></u>	<u><b>\$ 11,563</b></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**  
*FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015*

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**Note 1 – Reporting Entity**

The Village of Green Springs (the Village), Seneca County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Village provides general governmental services, including water and sewer utilities, cemetery and park operations and police services. The Village appropriates General Fund money to support a volunteer fire department.

***Public Entity Risk Pools***

The Village participates in a public entity risk pool. Note 6 to the financial statements provides additional information for this entity. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

**Note 2 – Summary of Significant Accounting Policies**

***Basis of Presentation***

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

***Fund Accounting***

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

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

***Special Revenue Funds*** - These funds account for and report the proceeds of specific 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*** – The Street Construction, Maintenance and Repair Fund accounts for and reports that portion of the State gasoline tax and motor vehicle license tax registration fees restricted for construction, maintenance and repair of streets within the Village.

***Police Operating Fund*** – The Police Operating Fund accounts for and reports money from a levy to cover the costs of providing law enforcement services.

***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 Projects Fund:

***Phase III Sewer Separation Fund*** – The Phase III Sewer Separation Fund accounts for and receives loan proceeds from Ohio Public Works Commission (OPWC) for construction of a sewer separation project.

**VILLAGE OF GREEN SPRINGS**  
*SENECA COUNTY*  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**  
(Continued)

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

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

**Water Fund** – The Water Fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

**Sewer Fund** – The Sewer Fund accounts for the provision of sewer treatment and distribution to the residents and commercial users located within the Village.

**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.

**Basis of Accounting**

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

The Ohio Revised Code requires that each fund be budgeted annually.

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

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

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

A summary of 2016 and 2015 budgetary activity appears in Note 3.

**VILLAGE OF GREEN SPRINGS**  
SENECA COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015  
(Continued)

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

***Deposits and Investments***

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

***Capital Assets***

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

***Accumulated Leave***

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

***Fund Balance***

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

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

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

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

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

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

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then 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**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**  
*(Continued)*

**Note 3 – Budgetary Activity**

Budgetary activity for the years ending December 31, 2016 and 2015 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 374,950	\$ 427,020	\$ 52,070
Special Revenue	348,029	363,797	15,768
Enterprise	809,000	834,284	25,284
Private Purpose Trust	10	13	3
Total	\$ 1,531,989	\$ 1,625,114	\$ 93,125

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 699,769	\$ 565,399	\$ 134,370
Special Revenue	388,657	258,047	130,610
Capital Projects	40,776	40,000	776
Enterprise	1,058,095	786,506	271,589
Private Purpose Trust	250	170	80
Total	\$ 2,187,547	\$ 1,650,122	\$ 537,425

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 403,585	\$ 406,655	\$ 3,070
Special Revenue	271,195	273,141	1,946
Enterprise	808,300	857,937	49,637
Private Purpose Trust	10	13	3
Total	\$ 1,483,090	\$ 1,537,746	\$ 54,656

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 678,226	\$ 528,412	\$ 149,814
Special Revenue	319,132	235,130	84,002
Capital Projects	44,168	3,392	40,776
Enterprise	922,419	815,951	106,468
Private Purpose Trust	250	80	170
Total	\$ 1,964,195	\$ 1,582,965	\$ 381,230

**VILLAGE OF GREEN SPRINGS**  
**SENECA COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**  
*(Continued)*

**Note 4 - Deposits**

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

	2016	2015
Demand deposits	\$ 1,628,719	\$ 1,651,302
Certificates of deposit	40,576	40,576
Other time deposits (savings and NOW accounts)	702	698
Total deposits	\$ 1,669,997	\$ 1,692,576

***Deposits***

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

**Note 5 – Taxes**

***Property Taxes***

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

Public utilities are also taxed on personal and real property located within the Village. The County is responsible for assessing property, and for billing, collecting and distributing all property taxes on behalf of the Village.

***Income Taxes***

The Village levies a municipal income tax of 1% 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 tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**Note 6 – Risk Management**

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

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

**VILLAGE OF GREEN SPRINGS**  
**SENECA COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**  
*(Continued)*

**Note 6 – Risk Management (Continued)**

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

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2015, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

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

Financial Position

PEP's financial statements (audited by other auditor's) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2014 and 2015 (the latest information available):

	<u>2014</u>	<u>2015</u>
Assets	\$35,402,177	\$38,307,677
Liabilities	<u>(12,363,257)</u>	<u>(12,759,127)</u>
Net Position	<u>\$23,038,920</u>	<u>\$25,548,550</u>

At December 31, 2014 and 2015, respectively, the liabilities above include approximately 11.1 million and \$11.5 million of estimated incurred claims payable. The assets above also include approximately \$10.8 million and \$11.0 million of unpaid claims to be billed. The Pool's membership increased from 488 members in 2014 to 499 members in 2015. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2016, the Village's share of these unpaid claims collectible in future years is approximately \$10,000.

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>Contributions to PEP</u>	
<u>2015</u>	<u>2016</u>
\$ 15,813	\$ 16,245



**VILLAGE OF GREEN SPRINGS**  
*SENECA COUNTY*  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**  
*(Continued)*

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**Note 6 – Risk Management (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.

**Note 7 – Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

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

***Ohio Police and Fire Retirement System***

During 2015, the Village's full-time Police Officers belonged to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 11.5% of their wages from January 1, 2015 through June 30, 2015 and 12.25% of their wages from July 1, 2015 through December 31, 2015. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2015.

**Note 8 – Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2% of the employer contribution to fund these benefits, and OP&F contributes 0.5% to fund these benefits.

**VILLAGE OF GREEN SPRINGS**  
**SENECA COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**  
*(Continued)*

**Note 9 – Debt**

Debt outstanding at December 31, 2016 was as follows:

	<u>Principal</u>	<u>Interest</u>
OWDA - 3892	\$ 175,475	4.78%
OWDA - 4042	35,503	4.66%
OWDA - 5070	265,169	0.00%
OPWC - CP12F	40,231	0.00%
OPWC - CT58K	14,306	0.00%
OPWC - CP29J	146,979	0.00%
OPWC - CP17L	117,995	0.00%
OPWC - CP24M	53,041	0.00%
OPWC - CP35M	44,014	0.00%
OPWC - CT65N	39,828	0.00%
OPWC - CT91M	173,128	0.00%
OPWC - CP24O	147,281	0.00%
	<u>\$ 1,252,950</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 loan. 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 wastewater 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 the loan. 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 wastewater 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, including interest, over 30 years. Water and sewer receipts collateralize the loan. 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 loan. 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 loan. 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**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**  
*(Continued)*

**Note 9 – Debt (Continued)**

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 loan. 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 loan. 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 loan. 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 loan. 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 loan. 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 improvement 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 loan. The Village has agreed to set utility rates sufficient to cover OPWC debt service 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 loan. 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 3892	OWDA 4042	OWDA 5070	OPWC CP12F
2017	\$ 7,063	\$ 1,406	\$ 10,199	\$ 2,682
2018	14,168	2,819	20,398	5,364
2019	14,226	2,829	20,398	5,364
2020	14,287	2,839	20,398	5,364
2021	14,351	2,850	20,398	5,364
2022-2026	72,825	14,425	101,988	16,093
2027-2031	74,955	14,774	71,390	-
2032-2034	30,701	7,546	-	-
Total	<u>\$ 242,576</u>	<u>\$ 49,488</u>	<u>\$ 265,169</u>	<u>\$ 40,231</u>

**VILLAGE OF GREEN SPRINGS**  
**SENECA COUNTY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015**  
*(Continued)*

**Note 9 – Debt (Continued)**

Year ending December 31:	OPWC CT58K	OPWC CP29J	OPWC CP17L	OPWC CP24M
2017	\$ 596	\$ 3,500	\$ 2,622	\$ 1,129
2018	1,192	6,999	5,244	2,257
2019	1,192	6,999	5,244	2,256
2020	1,192	6,999	5,244	2,257
2021	1,192	6,999	5,244	2,256
2022-2026	5,961	34,995	26,221	11,286
2027-2031	2,981	34,995	26,221	11,286
2032-2036	-	34,995	26,221	11,286
2037-2040	-	10,498	15,734	9,028
Total	<u>\$ 14,306</u>	<u>\$ 146,979</u>	<u>\$ 117,995</u>	<u>\$ 53,041</u>

Year ending December 31:	OPWC CP35M	OPWC CT65N	OPWC CT91M	OPWC CP24O
2017	\$ 957	\$ 813	\$ 3,533	\$ 2,888
2018	1,913	1,625	7,066	5,776
2019	1,914	1,626	7,066	5,776
2020	1,914	1,625	7,066	5,776
2021	1,914	1,626	7,066	5,776
2022-2026	9,568	8,128	35,333	28,878
2027-2031	9,568	8,128	35,333	28,879
2032-2036	9,568	8,128	35,333	28,879
2037-2041	6,698	8,129	35,332	28,878
2042	-	-	-	5,775
Total	<u>\$ 44,014</u>	<u>\$ 39,828</u>	<u>\$ 173,128</u>	<u>\$ 147,281</u>

**Note 10 – Interfund Transfers**

The Village had transfers during 2016 and 2015 that were to subsidize operations. In addition, the Village transferred \$3,135 in 2015 from the Mayor's Court Computerization Special Revenue Fund to the General Fund due to the elimination of the Village's Mayor's Court. All interfund activity was made in accordance with Ohio Revised Code.

**Note 10 – Contingent Liabilities**

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.



313 Second St.  
Marietta, OH 45750  
740.373.0056

1907 Grand Central Ave.  
Vienna, WV 26105  
304.422.2203

104 South Sugar St.  
St. Clairsville, OH 43950  
740.695.1569

1310 Market St., Suite 300  
Wheeling, WV 26003  
304.232.1358

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

May 17, 2017

Village of Green Springs  
Seneca County  
PO Box 536  
Green Springs, OH 44836

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 Green Springs**, Seneca County (the Village) as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated May 17, 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 opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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...*"bringing more to the table"*

### **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 audit findings as item 2016-001.

We also noted a certain matter not requiring inclusion in this report that we reported to the Village's management in a separate letter dated May, 17, 2017.

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

The Village's response to the finding identified in our audit is described in the accompanying schedule of audit 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.



**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio

**VILLAGE OF GREEN SPRINGS**  
SENECA COUNTY  
*SCHEDULE OF AUDIT FINDINGS*  
*FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015*

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2016-001**

**Noncompliance**

**Ohio Revised Code Section 5705.09** requires establishing separate funds to segregate externally-restricted resources. The Village took over operations of its cemetery in 2015, but did not establish a cemetery operating fund. All revenue from the sale of lots, opening and closing of graves and foundations was recorded as charges for services in the General Fund and all expenses related to cemetery operations were recorded as public health services in the General Fund in 2016 and 2015. Failure to account for these restricted use monies in a special revenue fund could result in the Village using the monies for an improper purpose. Our procedures determined that the expenses of the cemetery exceeded and revenues for 2016 and 2015.

We recommend the Village establish a cemetery operating special revenue fund according to Ohio Revised Code and record all cemetery operating activity within this fund in its accounting system.

**Management's Response** – The Village is taking all the recommendations of the auditors to properly document all the activity in the cemetery fund. The Village accepted and took over responsibilities of the cemetery in 2015 and since then, the Village has been researching through all the documents to ensure the cemetery funds are being used properly. For the 2017 year, the Village has created a new cemetery fund (2031) to properly document all the expenditures and revenues of the cemetery and will continue to do so from this audit forward.

**VILLAGE OF GREEN SPRINGS**  
**SENECA COUNTY**  
*SCHEDULE OF PRIOR AUDIT FINDINGS*  
*FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015*

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>
2014-001	Financial Reporting	No	Partially Corrected; Repeated in Management Letter





# 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  
JULY 6, 2017