



Dave Yost • Auditor of State

VILLAGE OF GREEN SPRINGS
SENECA COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2014	3
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Proprietary and Fiduciary Fund Types - For the Year Ended December 31, 2014	4
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2013	5
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Proprietary and Fiduciary Fund Types - For the Year Ended December 31, 2013	6
Notes to the Financial Statements	7
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	19
Schedule of Findings	21
Schedule of Prior Audit Findings	22

This page intentionally left blank.



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, 2014 and 2013.

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 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 (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, 2014 and 2013, 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, Ohio as of December 31, 2014 and 2013, 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2015, 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 3, 2015

**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, 2014**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts				
Property and Other Local Taxes	\$56,032	\$40,843		\$96,875
Municipal Income Tax	268,209			268,209
Intergovernmental	46,455	83,232		129,687
Charges for Services	5,624			5,624
Fines, Licenses and Permits	13,846	319		14,165
Earnings on Investments	777	78		855
Miscellaneous	16,612	733		17,345
<i>Total Cash Receipts</i>	<u>407,555</u>	<u>125,205</u>		<u>532,760</u>
Cash Disbursements				
Current:				
Security of Persons and Property	60,203	124,050		184,253
Public Health Services	11,004	602		11,606
Leisure Time Activities	32,150			32,150
Community Environment	1,938			1,938
Transportation	37,855	64,225		102,080
General Government	146,019			146,019
Capital Outlay	50,127	7,000		57,127
Debt Service:				
Principal Retirement		7,066		7,066
<i>Total Cash Disbursements</i>	<u>339,296</u>	<u>202,943</u>		<u>542,239</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>68,259</u>	<u>(77,738)</u>		<u>(9,479)</u>
Other Financing Receipts (Disbursements)				
Transfers In	476	80,000		80,476
Transfers Out	(80,000)			(80,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(79,524)</u>	<u>80,000</u>		<u>476</u>
<i>Net Change in Fund Cash Balances</i>	(11,265)	2,262		(9,003)
<i>Fund Cash Balances, January 1</i>	<u>734,290</u>	<u>145,866</u>	<u>\$50,162</u>	<u>930,318</u>
Fund Cash Balances, December 31				
Restricted		148,128	50,162	198,290
Assigned	277,776			277,776
Unassigned	445,249			445,249
<i>Fund Cash Balances, December 31</i>	<u>\$723,025</u>	<u>\$148,128</u>	<u>\$50,162</u>	<u>\$921,315</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 PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Types</u>		<u>Totals</u>
	<u>Enterprise</u>	<u>Agency</u>	<u>Private Purpose (Memorandum Trust Only)</u>	
Operating Cash Receipts				
Charges for Services	\$841,019			\$841,019
Fines, Licenses and Permits		\$3,762		3,762
Earnings on Investments			\$12	12
<i>Total Operating Cash Receipts</i>	<u>841,019</u>	<u>3,762</u>	<u>12</u>	<u>844,793</u>
Operating Cash Disbursements				
Personal Services	69,105			69,105
Employee Fringe Benefits	13,095			13,095
Contractual Services	519,283	3,762		523,045
Supplies and Materials	24,119		160	24,279
Other	448			448
<i>Total Operating Cash Disbursements</i>	<u>626,050</u>	<u>3,762</u>	<u>160</u>	<u>629,972</u>
<i>Operating Income (Loss)</i>	<u>214,969</u>		<u>(148)</u>	<u>214,821</u>
Non-Operating Receipts (Disbursements)				
Miscellaneous Receipts	9,959			9,959
Capital Outlay	(39,000)			(39,000)
Principal Retirement	(58,238)			(58,238)
Interest and Other Fiscal Charges	(11,073)			(11,073)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(98,352)</u>			<u>(98,352)</u>
<i>Income (Loss) before Transfers</i>	116,617		(148)	116,469
Transfers Out		(476)		(476)
<i>Net Change in Fund Cash Balances</i>	116,617	(476)	(148)	115,993
<i>Fund Cash Balances, January 1</i>	<u>686,984</u>	<u>\$476</u>	<u>11,778</u>	<u>699,238</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$803,601</u></u>		<u><u>\$11,630</u></u>	<u><u>\$815,231</u></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, 2013**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts				
Property and Other Local Taxes	\$51,753	\$48,356		\$100,109
Municipal Income Tax	290,342			290,342
Intergovernmental	197,355	81,786		279,141
Charges for Services	13,731			13,731
Fines, Licenses and Permits	12,569	407		12,976
Earnings on Investments	684	80		764
Miscellaneous	19,002			19,002
<i>Total Cash Receipts</i>	<u>585,436</u>	<u>130,629</u>		<u>716,065</u>
Cash Disbursements				
Current:				
Security of Persons and Property	59,235	126,190		
Public Health Services	12,435	171		
Leisure Time Activities	36,237			
Community Environment	2,041			
Basic Utility Services				
Transportation	35,254	82,970		
General Government	146,407			
Capital Outlay	13,648	831		14,479
Debt Service:				
Principal Retirement		7,066		7,066
<i>Total Cash Disbursements</i>	<u>305,257</u>	<u>217,228</u>		<u>21,545</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>280,179</u>	<u>(86,599)</u>		<u>694,520</u>
Other Financing Receipts (Disbursements)				
Sale of Capital Assets	11,100			11,100
Transfers In		95,000		95,000
Transfers Out	(95,000)			(95,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(83,900)</u>	<u>95,000</u>		<u>11,100</u>
<i>Net Change in Fund Cash Balances</i>	196,279	8,401		204,680
<i>Fund Cash Balances, January 1</i>	<u>538,011</u>	<u>137,465</u>	<u>\$50,162</u>	<u>725,638</u>
Fund Cash Balances, December 31				
Restricted		145,866	50,162	196,028
Assigned	288,651			288,651
Unassigned	445,639			445,639
<i>Fund Cash Balances, December 31</i>	<u>\$734,290</u>	<u>\$145,866</u>	<u>\$50,162</u>	<u>\$930,318</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 PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Proprietary Fund Type		Fiduciary Fund Types		Totals
	Enterprise	Internal Agency	Private Purpose Trust	(Memorandum Only)	
Operating Cash Receipts					
Charges for Services	\$872,597				\$872,597
Fines, Licenses and Permits		\$4,100			4,100
Earnings on Investments			\$13		13
Miscellaneous	28				28
<i>Total Operating Cash Receipts</i>	<u>872,625</u>	<u>4,100</u>	<u>13</u>		<u>876,738</u>
Operating Cash Disbursements					
Personal Services	52,812				52,812
Employee Fringe Benefits	9,557				9,557
Contractual Services	458,306	4,100			462,406
Supplies and Materials	34,008				34,008
Other	14,026				14,026
<i>Total Operating Cash Disbursements</i>	<u>568,709</u>	<u>4,100</u>			<u>572,809</u>
<i>Operating Income</i>	<u>303,916</u>		<u>13</u>		<u>303,929</u>
Non-Operating Receipts (Disbursements)					
Miscellaneous Receipts	21				21
Principal Retirement	(57,894)				(57,894)
Other Financing Uses	(11,416)				(11,416)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(69,289)</u>				<u>(69,289)</u>
<i>Net Change in Fund Cash Balances</i>	234,627		13		234,640
<i>Fund Cash Balances, January 1</i>	<u>452,357</u>	<u>476</u>	<u>11,765</u>		<u>464,598</u>
<i>Fund Cash Balances, December 31</i>	<u>\$686,984</u>	<u>\$476</u>	<u>\$11,778</u>		<u>\$699,238</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, 2014 AND 2013**

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, (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 participates in a public entity risk pool. Note 8 to the financial statements provides additional information for this entity. This organization is:

Public Entity Risk Pool:

Public Entities Pool of Ohio (PEP) - A risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members.

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 permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

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.

**VILLAGE OF GREEN SPRINGS
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. Summary of Significant Accounting Policies – (Continued)

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 Project Fund:

Phase III Sewer Separation Fund – This fund receives loan proceeds from 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.

Utility Improvement Fund - This fund receives loan proceeds from the Ohio Water Development Authority to finance a utility plant expansion. A utility surcharge recorded in this fund will repay this loan.

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.

**VILLAGE OF GREEN SPRINGS
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. Summary of Significant Accounting Policies – (Continued)

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. 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 approve estimated resources.

3. Encumbrances

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

A summary of 2014 and 2013 budgetary activity appears in Note 3.

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 amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**VILLAGE OF GREEN SPRINGS
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

1. Summary of Significant Accounting Policies – (Continued)

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.

F. Property, Plant, and Equipment

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

G. Accumulated Leave

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

2. Equity in Pooled Deposits

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

	2014	2013
Demand deposits	\$1,688,328	\$1,582,364
Certificates of deposit	48,018	46,992
Cash on Hand	200	200
Total deposits	\$1,736,546	\$1,629,556

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

**VILLAGE OF GREEN SPRINGS
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

3. Budgetary Activity

Budgetary activity for the years ending 2014 and 2013 follows:

2014 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$428,050	\$408,031	(\$20,019)
Special Revenue	228,641	205,205	(23,436)
Enterprise	888,828	850,978	(37,850)
Fiduciary	3,772	3,774	2
Total	<u>\$1,549,291</u>	<u>\$1,467,988</u>	<u>(\$81,303)</u>

2014 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$716,701	\$426,771	\$289,930
Special Revenue	285,016	204,673	80,343
Capital Projects	44,168		44,168
Enterprise	847,911	771,070	76,841
Fiduciary	4,489	4,398	91
Total	<u>\$1,898,285</u>	<u>\$1,406,912</u>	<u>\$491,373</u>

2013 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$409,990	\$596,536	\$186,546
Special Revenue	232,445	225,629	(6,816)
Enterprise	889,828	872,646	(17,182)
Fiduciary	5,500	4,113	(1,387)
Total	<u>\$1,537,763</u>	<u>\$1,698,924</u>	<u>\$161,161</u>

2013 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$696,420	\$401,002	\$295,418
Special Revenue	289,416	218,194	71,222
Capital Projects	44,168		44,168
Enterprise	821,161	638,514	182,647
Fiduciary	8,386	4,100	4,286
Total	<u>\$1,859,551</u>	<u>\$1,261,810</u>	<u>\$597,741</u>

**VILLAGE OF GREEN SPRINGS
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

4. Property Tax

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

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

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

5. Local Income Tax

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

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

6. Debt

Debt outstanding at December 31, 2014 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan 3892	\$188,877	4.78%
Ohio Water Development Authority Loan 4042	38,133	4.66%
Ohio Water Development Authority Loan 5070	305,965	0.00%
Ohio Public Works Commission Loan CP12F	50,959	0.00%
Ohio Public Works Commission Loan CT58K	16,690	0.00%
Ohio Public Works Commission Loan CP29J	160,978	0.00%
Ohio Public Works Commission Loan CP17L	128,484	0.00%
Ohio Public Works Commission Loan CP24M	57,556	0.00%
Ohio Public Works Commission Loan CP35M	47,842	0.00%
Ohio Public Works Commission Loan CT65N	43,078	0.00%
Ohio Public Works Commission Loan CT91M	187,260	0.00%
Ohio Public Works Commission Loan CP24O	158,833	0.00%
Total	<u>\$1,384,655</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.

**VILLAGE OF GREEN SPRINGS
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

6. Debt – (Continued)

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 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.

**VILLAGE OF GREEN SPRINGS
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

6. Debt – (Continued)

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.

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
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	3,047	20,398	5,364	1,192	6,999
2018	15,494	3,047	20,398	5,364	1,192	6,999
2019	15,494	3,047	20,398	5,364	1,192	6,999
2020-2024	77,472	15,234	101,988	24,139	5,961	34,995
2025-2029	77,472	15,234	101,987		4,769	34,995
2030-2034	54,233	12,185				34,995
2035-2039						20,998
Total	<u>\$286,647</u>	<u>\$57,888</u>	<u>\$305,965</u>	<u>\$50,959</u>	<u>\$16,690</u>	<u>\$160,978</u>

Year ending December 31:	OPWC Loan CP17L	OPWC Loan CP24M	OPWC Loan CP35M	OPWC Loan CT65N	OPWC Loan CT91M	OPWC Loan CP24O
2015	\$5,244	\$2,257	\$1,914	\$1,626	\$7,066	\$5,775
2016	5,244	2,257	1,914	1,626	7,066	5,775
2017	5,244	2,257	1,914	1,626	7,066	5,775
2018	5,244	2,257	1,914	1,626	7,066	5,775
2019	5,244	2,257	1,914	1,626	7,066	5,775
2020-2024	26,221	11,286	9,568	8,128	35,332	28,879
2025-2029	26,221	11,286	9,568	8,128	35,332	28,879
2030-2034	26,221	11,286	9,568	8,128	35,332	28,879
2035-2039	23,601	11,286	9,568	8,128	35,332	28,879
2040-2044		1,127		2,436	10,602	14,442
Total	<u>\$128,484</u>	<u>\$57,556</u>	<u>\$47,842</u>	<u>\$43,078</u>	<u>\$187,260</u>	<u>\$158,833</u>

**VILLAGE OF GREEN SPRINGS
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

7. Retirement Systems

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

The Ohio Revised Code also prescribes contribution rates. For 2014 and 2013, OP&F participants contributed 11.50% of their wages. For 2014 and 2013, the Village contributed to OP&F an amount equal to 24% of full-time police members' wages. For 2014 and 2013, 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, 2014.

8. Risk Management

Public Entities Pool of Ohio (PEP)

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

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

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of 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 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, 2014, 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 accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2013 and 2014:

**VILLAGE OF GREEN SPRINGS
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

8. Risk Management – (Continued)

	<u>2013</u>	<u>2014</u>
Assets	\$34,411,883	\$35,402,177
Liabilities	(12,760,194)	(12,363,257)
Net Position	<u>\$21,651,689</u>	<u>\$23,038,920</u>

At December 31, 2013 and 2014, respectively, the liabilities above include approximately 11.6 million and \$11.1 million of estimated incurred claims payable. The assets above also include approximately \$11.1 million and \$10.8 million of unpaid claims to be billed. The Pool's membership increased from 475 members in 2013 to 488 members in 2014. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2014, 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>2013</u>	<u>2014</u>
\$14,902	\$14,922

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.

9. Interfund Transfers

During 2014, the Village approved the following transfers:

<u>Transfer from the Mayor's Court Agency fund to:</u>	
General Fund	\$ 476
<u>Transfer from the General fund to:</u>	
Police Operating Fund	<u>80,000</u>
Total	<u>\$ 80,476</u>

VILLAGE OF GREEN SPRINGS
SENECA COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)

9. Interfund Transfers – (Continued)

During 2013, the Village approved the following transfer:

<u>Transfer from the General fund to:</u>	
Police Operating Fund	<u>95,000</u>
 Total	 <u><u>\$ 95,000</u></u>

This page intentionally left blank.



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, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated December 3, 2015 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-1-03(D) permit.

Internal Control Over Financial Reporting

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

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 2014-001 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 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 Finding

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

Purpose of this Report

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



Dave Yost
Auditor of State
Columbus, Ohio

December 3, 2015

**VILLAGE OF GREEN SPRINGS
SENECA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013**

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

FINDING NUMBER 2014-001

Material Weakness

Financial Reporting

The Village's management is responsible for the fair presentation of the financial statements. In addition, receipts and disbursements budgeted by Council and approved by the Budget Commission should agree to the budgeted receipts and disbursements posted to the accounting system and budgetary note. Errors were noted in the financial statements resulting in significant audit adjustments such as the following:

- In 2013, sale of capital asset receipts in the General Fund of \$11,100 were improperly classified as miscellaneous receipts.
- In 2013, charges for services receipts in the General Fund of \$8,420 were improperly classified as miscellaneous receipts
- In 2013, charges for services receipts of \$63,713 in the Enterprise Funds were improperly posted in 2014 rather than in 2013.
- In 2014, charges for services receipts of \$69,073 in the Enterprise Funds were improperly posted in 2015 rather than in 2014.
- In 2013, Appropriations posted to the accounting system and budgetary notes in the Agency fund did not agree to the approved amounts by \$1,200.
- In 2013, Estimated Resources posted to the accounting system and budgetary notes in the Agency fund did not agree to the approved amounts by \$3,636.

Additional errors were noted in smaller relative amounts. These errors were a result of inadequate policies and procedures in reviewing the financial statements. The accompanying financial statements and accounting system have been adjusted to correct these errors, or they were included on the summary of unadjusted differences. 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 the audit committee to identify and correct errors and misclassifications.

Officials' Response:

We acknowledge errors were made and will properly post these transactions in the future.

VILLAGE OF GREEN SPRINGS
SENECA COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2014 AND 2013

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2012-001	Material weakness in financial reporting due to errors in financial statements.	No	Not corrected and repeated as Finding Number 2014-001 in this report.



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
DECEMBER 22, 2015**