



**Auditor of State  
Betty Montgomery**



VILLAGE OF SPRING VALLEY  
GREENE COUNTY

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Independent Accountants' Report.....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2002.....	3
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balance - Proprietary Fund Type - For the Year Ended December 31, 2002.....	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2001.....	5
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balance - Proprietary Fund Type - For the Year Ended December 31, 2001.....	6
Notes to the Financial Statements.....	7
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	13
Schedule of Prior Audit Findings.....	15

**This page intentionally left blank.**



**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Village of Spring Valley  
Greene County  
7 Main Street  
P.O. Box 418  
Spring Valley, Ohio 45370

To the Village Council:

We have audited the accompanying financial statements of the Village of Spring Valley, Greene County, (the Village), as of and for the years ended December 31, 2002 and 2001. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village as of December 31, 2002 and 2001, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 23, 2003 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Village of Spring Valley  
Greene County  
Independent Accountants' Report  
Page 2

This report is intended solely for the information and use of the finance committee, management, Village Council and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

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

**Betty Montgomery**  
Auditor of State

July 23, 2003

**VILLAGE OF SPRING VALLEY  
GREENE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property Tax and Other Local Taxes	\$31,515	\$10,807	\$42,322
Intergovernmental Revenue	28,128	41,441	69,569
Charges for Services	5,520		5,520
Fines, Licenses, and Permits	5,293	264	5,557
Earnings on Investments	1,177	693	1,870
Miscellaneous	2,076	3	2,079
	<u>73,709</u>	<u>53,208</u>	<u>126,917</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	11,209	2,744	13,953
Public Health Services	2,826	72	2,898
Community Services	900		900
Transportation	16,539	40,789	57,328
Basic Utility Services	3,337		3,337
General Government	35,000		35,000
	<u>69,811</u>	<u>43,605</u>	<u>113,416</u>
<b>Total Cash Disbursements</b>			
<b>Total Receipts Over Disbursements</b>	<u>3,898</u>	<u>9,603</u>	<u>13,501</u>
<b>Other Financing Sources/(Uses):</b>			
Sale of Fixed Assets	4,463		4,463
Principal Paid	(3,956)		(3,956)
Interest Paid	(815)		(815)
	<u>(308)</u>		<u>(308)</u>
<b>Total Other Financing Sources/(Uses)</b>			
Cash Receipts and Other Financing Sources Over Cash Disbursements and Other financing Uses	3,590	9,603	13,193
Fund Cash Balances, January 1	<u>37,988</u>	<u>33,884</u>	<u>71,872</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$41,578</u></u>	<u><u>\$43,487</u></u>	<u><u>\$85,065</u></u>

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

**VILLAGE OF SPRING VALLEY  
GREENE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGES IN FUND CASH BALANCE - PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$78,927
<b>Operating Cash Disbursements:</b>	
Personal Services	22,248
Fringe Benefits	3,166
Supplies and Materials	9,110
Contractual Services	59,959
Capital Outlay	2,500
Total Operating Cash Disbursements	96,983
Operating (Loss)	(18,056)
<b>Other Financing Sources/(Uses):</b>	
Proceeds from OWDA Loan	29,880
Principal Paid	(2,000)
Total Other Financing Sources/(Uses)	27,880
Excess of Receipts and Other Financing Sources Over Disbursements and Other Financing Uses	9,824
Fund Cash Balance, January 1	104,198
<b>Fund Cash Balance, December 31</b>	<b>\$114,022</b>

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



**VILLAGE OF SPRING VALLEY  
GREENE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property Tax and Other Local Taxes	\$32,840	\$6,630	\$39,470
Intergovernmental Revenue	47,228	46,075	93,303
Charges for Services	5,765		5,765
Fines, Licenses, and Permits	4,844	1,290	6,134
Earnings on Investments	1,736		1,736
Miscellaneous	13,278		13,278
Total Cash Receipts	<u>105,691</u>	<u>53,995</u>	<u>159,686</u>
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	18,066	7,874	25,940
Public Health Services	2,119		2,119
Transportation	17,037	48,949	65,986
Basic Utility Service	4,297		4,297
General Government	<u>45,516</u>		<u>45,516</u>
Total Cash Disbursements	<u>87,035</u>	<u>56,823</u>	<u>143,858</u>
Total Receipts Over/(Under) Disbursements	<u>18,656</u>	<u>(2,828)</u>	<u>15,828</u>
Other Financing (Uses):			
Principal Paid	(3,731)	(452)	(4,183)
Interest Paid	<u>(1,040)</u>	<u>(17)</u>	<u>(1,057)</u>
Total Financing (Uses)	<u>(4,771)</u>	<u>(469)</u>	<u>(5,240)</u>
Total of Receipts Over (Under) Disbursements and Other Uses	13,885	(3,297)	10,588
Fund Cash Balances, January 1	<u>24,103</u>	<u>37,181</u>	<u>61,284</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$37,988</u></u>	<u><u>\$33,884</u></u>	<u><u>\$71,872</u></u>

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

**VILLAGE OF SPRING VALLEY  
GREENE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCE - PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$78,725
<b>Operating Cash Disbursements:</b>	
Personal Services	21,307
Fringe Benefits	3,241
Contractual Services	18,577
Supplies and Materials	10,044
Capital Outlay	5,120
Total Operating Cash Disbursements	58,289
Operating Income	20,436
<b>Non-Operating Cash Receipts:</b>	
Proceeds from OWDA Loan	23,920
Net Receipts Over Disbursements	44,356
Fund Cash Balance, January 1	59,842
<b>Fund Cash Balance, December 31</b>	<b>\$104,198</b>

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

**VILLAGE OF SPRING VALLEY  
GREENE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 01**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Spring Valley, Greene County, (the Village), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including water sanitation and police services.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

**C. Cash**

All deposit accounts held by financial institutions are valued at cost.

The Village did not have any investments at December 31, 2002 or 2001. All funds are maintained in depository accounts.

**D. Fund Accounting**

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

**1. General Fund**

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

**2. Special Revenue Fund**

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

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

**Permissive Motor Vehicle Tax Fund** -This fund the proceeds from a special motor vehicles license fee levied against the benefiting motorist of the Village.

**VILLAGE OF SPRING VALLEY  
GREENE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting**

**3. Enterprise Funds**

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

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

**E. Budgetary Process**

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

**1. Appropriations**

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

**2. Estimated Resources**

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

**3. Encumbrances**

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

A summary of 2002 and 2001 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

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

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

**VILLAGE OF SPRING VALLEY  
GREENE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 01**

**2. EQUITY IN POOLED CASH**

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

	2001	2002
Demand deposits	\$176,070	\$199,087

**Deposits:** Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the or (3) collateralized by the financial institution's public entity deposit pool .

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2002 and 2001 follows:

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$68,540	\$78,172	\$9,632
Special Revenue	42,449	53,208	10,759
Enterprise	101,880	108,807	6,927
Total	\$212,869	\$240,187	\$27,318

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$107,411	\$74,582	\$32,829
Special Revenue	75,449	43,605	31,844
Enterprise	206,078	98,983	107,095
Total	\$388,938	\$217,170	\$171,768

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$82,176	\$105,691	\$23,515
Special Revenue	41,054	53,995	12,941
Enterprise	91,920	102,645	10,725
Total	\$215,150	\$262,331	\$47,181

**VILLAGE OF SPRING VALLEY  
GREENE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 01**

**3. BUDGETARY ACTIVITY (Continued)**

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$106,849	\$91,806	\$15,043
Special Revenue	78,318	57,292	21,026
Enterprise	151,331	58,289	93,042
Total	\$336,498	\$207,387	\$129,111

**4. PROPERTY TAX**

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

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

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

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

**5. DEBT**

Debt outstanding at December 31, 2002 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loans	\$67,800	0.00%
Arm Mower Capital Lease	5,876	10.25%
Total	\$73,676	

The first Ohio Water Development Authority (OWDA) loan is for a water feasibility study. This loan will be repaid in annual installments of \$2,000 over 10 years.

The second OWDA loan was for a planning and design of a new water plant facility. To date the village has received \$49,800 for this project. The loan will be repaid in annual installments of \$4,980 over 10 years.

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

**VILLAGE OF SPRING VALLEY  
GREENE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 01**

**5. DEBT (Continued)**

	OWDA Loan #1	OWDA Loan #2	Arm Mower Capital Lease	Total
Year Ending December 31:				
2003	\$2,000	\$4,980	\$3,370	\$ 10,350
2004	2,000	4,980	3,370	10,350
2005	2,000	4,980	-	6,980
2006	2,000	4,980	-	6,980
2007	2,000	4,980	-	6,980
Subsequent	8,000	24,900	-	32,900
Total	<u>\$ 18,000</u>	<u>\$ 49,800</u>	<u>\$ 6,740</u>	<u>\$ 74,540</u>

**6. RETIREMENT SYSTEMS**

Village officials and full-time officials belong to the Ohio Public Employees Retirement System (PERS). PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2002 and 2001, PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2002 and 2001. The Village has paid all contributions through December 31, 2002.

**7. RISK MANAGEMENT**

**Commercial Insurance**

The Village has obtained commercial insurance for the following risks:

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

The Village also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

**This page intentionally left blank.**





**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND  
ON INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Village of Spring Valley  
Greene County  
7 West Main Street  
P.O. Box 418  
Spring Valley, Ohio 45370

To the Village Council:

We have audited the accompanying financial statements of the Village of Spring Valley, Greene County, (the Village), as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated July 23, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management in a separate letter dated July 23, 2003.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Village in a separate letter dated July 23, 2003.

Village of Spring Valley  
Greene County  
Independent Accountants' Report on Compliance and on Internal Control  
Required by *Government Auditing Standards*  
Page 2

This report is intended solely for the information and use of the finance committee, management and Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

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

**Betty Montgomery**  
Auditor of State

July 23, 2003

**VILLAGE OF SPRING VALLEY  
GREENE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2002 AND 2001**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain:</b>
2000-30329-001	ORC Section 1905.21 - Failure to maintain docket for Mayor's Court	Yes	Mayor's Court eliminated.
2000-30329-002	ORC Section 733.40 - Failure of Mayor to deposit Mayor's Court fines collected or submit report to Council.	Yes	Mayor's Court eliminated.





**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**VILLAGE OF SPRING VALLEY**

**GREENE 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  
SEPTEMBER 9, 2003**