



**Auditor of State  
Betty Montgomery**



VILLAGE OF GREEN SPRINGS  
SENECA COUNTY

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**Auditor of State  
Betty Montgomery**

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

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Betty Montgomery".

**Betty Montgomery**  
Auditor of State

September 21, 2005

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Green Springs, Seneca County, (the Village) as of and for the years ended December 31, 2004 and 2003. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to reformat its statements. Since this Village does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2004, or its changes in financial position or cash flows of its proprietary funds for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Village of Green Springs, Seneca County, as of December 31, 2004 and 2003, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the year ended December 31, 2004. The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2005, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



**Betty Montgomery**  
Auditor of State

September 21, 2005

**VILLAGE OF GREEN SPRINGS  
SENECA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	
<b>Cash Receipts:</b>					
Property Tax and Other Local Taxes	\$47,004	\$37,345			\$84,349
State Shared Taxes and Permits	231,173				231,173
Intergovernmental Receipts	92,857	67,445	\$100,367		260,669
Charges for Services	3,565				3,565
Fines, Licenses, and Permits	986				986
Earnings on Investments	2,705	102		\$1,180	3,987
Miscellaneous	5,199	40			5,239
<b>Total Cash Receipts</b>	<b>383,489</b>	<b>104,932</b>	<b>100,367</b>	<b>1,180</b>	<b>589,968</b>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	45,537	99,852			145,389
Public Health Services	16,372				16,372
Leisure Time Activities	22,272				22,272
Community Environment	565				565
Transportation	64,133	45,161			109,294
General Government	97,417				97,417
Capital Outlay	24,616	15,725	100,367	130	140,838
<b>Total Cash Disbursements</b>	<b>270,912</b>	<b>160,738</b>	<b>100,367</b>	<b>130</b>	<b>532,147</b>
Total Receipts Over/(Under) Disbursements	112,577	(55,806)		1,050	57,821
<b>Other Financing Receipts/(Disbursements):</b>					
Transfers-In		80,000			80,000
Transfers-Out	(80,000)				(80,000)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(80,000)</b>	<b>80,000</b>			
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	32,577	24,194		1,050	57,821
Fund Cash Balances, January 1	243,685	40,958	90,000	41,217	415,860
<b>Fund Cash Balances, December 31</b>	<b>\$276,262</b>	<b>\$65,152</b>	<b>\$90,000</b>	<b>\$42,267</b>	<b>\$473,681</b>
Reserves for Encumbrances, December 31	\$30,318	\$115	\$13,482		\$43,915

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

**VILLAGE OF GREEN SPRINGS  
SENECA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	Proprietary Fund Type	Fiduciary Fund Types		Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	Agency	
<b>Operating Cash Receipts:</b>				
Charges for Services	\$463,177			\$463,177
Fines, Licenses and Permits			\$545	545
Earnings on Investments		\$1		1
Miscellaneous	824		77	901
Total Operating Cash Receipts	464,001	1	622	464,624
<b>Operating Cash Disbursements:</b>				
Personal Services	72,668			72,668
Fringe Benefits	31,040			31,040
Contractual Services	56,967			56,967
Supplies and Materials	271,909			271,909
Other	1,138			1,138
Capital Outlay	82,073			82,073
Total Operating Cash Disbursements	515,795			515,795
Operating Income/(Loss)	(51,794)	1	622	(51,171)
<b>Non-Operating Cash Receipts:</b>				
Other Non-Operating Receipts	65,000			65,000
Total Non-Operating Cash Receipts	65,000			65,000
<b>Non-Operating Cash Disbursements:</b>				
Debt Service	21,194			21,194
Total Non-Operating Cash Disbursements	21,194			21,194
Net Receipts Over/(Under) Disbursements	(7,988)	1	622	(7,365)
Fund Cash Balances, January 1	289,648	6,740	2,165	298,553
<b>Fund Cash Balances, December 31</b>	<b>\$281,660</b>	<b>\$6,741</b>	<b>\$2,787</b>	<b>\$291,188</b>
Reserve for Encumbrances, December 31	\$15,324			\$15,324

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

**VILLAGE OF GREEN SPRINGS  
SENECA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	Governmental Fund Types			Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	
<b>Cash Receipts:</b>					
Property Tax and Other Local Taxes	\$39,923	\$37,513			\$77,436
State Shared Taxes and Permits	230,756				230,756
Intergovernmental Receipts	98,842	55,067	\$463,090		616,999
Charges for Services	9,456				9,456
Fines, Licenses, and Permits	922				922
Earnings on Investments	4,295	115		\$1,537	5,947
Miscellaneous	33,023	150			33,173
<b>Total Cash Receipts</b>	<b>417,217</b>	<b>92,845</b>	<b>463,090</b>	<b>1,537</b>	<b>974,689</b>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	44,000	97,378			141,378
Public Health Services	17,706				17,706
Leisure Time Activities	24,689				24,689
Community Environment	824				824
Transportation	78,487	42,450			120,937
General Government	128,378				128,378
Capital Outlay	41,263	31,095	463,090	8,898	544,346
<b>Total Cash Disbursements</b>	<b>335,347</b>	<b>170,923</b>	<b>463,090</b>	<b>8,898</b>	<b>978,258</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>81,870</b>	<b>(78,078)</b>		<b>(7,361)</b>	<b>(3,569)</b>
<b>Other Financing Receipts/(Disbursements):</b>					
Other Financing Sources				2,500	2,500
Transfers-In	4,000	80,000			84,000
Transfers-Out	(80,000)				(80,000)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(76,000)</b>	<b>80,000</b>		<b>2,500</b>	<b>6,500</b>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<b>5,870</b>	<b>1,922</b>		<b>(4,861)</b>	<b>2,931</b>
<b>Fund Cash Balances, January 1</b>	<b>237,815</b>	<b>39,036</b>	<b>90,000</b>	<b>46,078</b>	<b>412,929</b>
<b>Fund Cash Balances, December 31</b>	<b>\$243,685</b>	<b>\$40,958</b>	<b>\$90,000</b>	<b>\$41,217</b>	<b>\$415,860</b>
<b>Reserves for Encumbrances, December 31</b>	<b>\$800</b>	<b>\$210</b>	<b>\$20,712</b>		<b>\$21,722</b>

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

**VILLAGE OF GREEN SPRINGS  
SENECA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2003**

	Proprietary Fund Type	Fiduciary Fund Types		Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	Agency	
<b>Operating Cash Receipts:</b>				
Charges for Services	\$452,758			\$452,758
Fines, Licenses and Permits			\$1,826	1,826
Earnings on Investments		\$2		2
Miscellaneous	12,659		260	12,919
Total Operating Cash Receipts	<u>465,417</u>	<u>2</u>	<u>2,086</u>	<u>467,505</u>
<b>Operating Cash Disbursements:</b>				
Personal Services	68,416			68,416
Fringe Benefits	27,001			27,001
Contractual Services	55,726			55,726
Supplies and Materials	231,152			231,152
Other	1,040			1,040
Capital Outlay	73,478			73,478
Total Operating Cash Disbursements	<u>456,813</u>			<u>456,813</u>
Operating Income	<u>8,604</u>	<u>2</u>	<u>2,086</u>	<u>10,692</u>
<b>Non-Operating Cash Receipts:</b>				
Sale of Fixed Assets	163,417			163,417
Total Non-Operating Cash Receipts	<u>163,417</u>			<u>163,417</u>
<b>Non-Operating Cash Disbursements:</b>				
Other Financing Uses			7	7
Debt Service	99,950			99,950
Total Non-Operating Cash Disbursements	<u>99,950</u>		<u>7</u>	<u>99,957</u>
Excess of Receipts Over Disbursements Before Interfund Transfers and Advances	72,071	2	2,079	74,152
Transfers-Out			(4,000)	(4,000)
Net Receipts Over/(Under) Disbursements	72,071	2	(1,921)	70,152
Fund Cash Balances, January 1	217,577	6,738	4,086	228,401
<b>Fund Cash Balances, December 31</b>	<b><u>\$289,648</u></b>	<b><u>\$6,740</u></b>	<b><u>\$2,165</u></b>	<b><u>\$298,553</u></b>
Reserve for Encumbrances, December 31	<u>\$11,114</u>			<u>\$11,114</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, 2004 AND 2003**

**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 governs the Village. The Village provides water and sewer utilities, park operations, 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 accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. This basis 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 adequately disclose material matters the Auditor of State prescribes.

**C. Cash**

The Village values certificates of deposit at cost.

**D. Fund Accounting**

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

**1. General Fund**

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

**2. Special Revenue Fund**

These funds account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditures 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.

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

**VILLAGE OF GREEN SPRINGS  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**3. Capital Project Fund**

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

Elevated Storage Tank Fund - This fund receives proceeds from Ohio Public Works Commission (OPWC) and Ohio Water Development Authority (OWDA) for construction of an elevated storage tank replacement.

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

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

**5. Fiduciary Funds (Trust and Agency Funds)**

Trust funds account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the Village classifies the fund as a nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary funds:

Endowment Trust Fund – This fund is to account for the revenues and expenditures per the trust agreements.

**E. 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. Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**VILLAGE OF GREEN SPRINGS  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

**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.

A summary of 2004 and 2003 budgetary activity appears in Note 3.

**F. Property, Plant, and Equipment**

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

**G. Accumulated Leave**

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

**2. EQUITY IN POOLED CASH**

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

	2004	2003
Demand deposits	\$576,855	\$526,401
Certificates of deposit	188,014	188,012
Total deposits	\$764,869	\$714,413

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2004 and 2003 follows:

**VILLAGE OF GREEN SPRINGS  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

2004 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$379,500	\$383,489	\$3,989
Special Revenue	190,300	184,932	(5,368)
Capital Projects	190,560	100,367	(90,193)
Enterprise	501,200	529,001	27,801
Fiduciary	2,014	1,803	(211)
Total	<u>\$1,263,574</u>	<u>\$1,199,592</u>	<u>(\$63,982)</u>

2004 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$510,357	\$381,230	\$129,127
Special Revenue	192,317	160,853	31,464
Capital Projects	190,560	113,849	76,711
Enterprise	614,459	552,313	62,146
Fiduciary	5,200	130	5,070
Total	<u>\$1,512,893</u>	<u>\$1,208,375</u>	<u>\$304,518</u>

2003 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$426,885	\$421,217	(\$5,668)
Special Revenue	192,672	172,845	(19,827)
Capital Projects	588,800	463,090	(125,710)
Enterprise	624,450	628,834	4,384
Fiduciary	4,007	6,125	2,118
Total	<u>\$1,836,814</u>	<u>\$1,692,111</u>	<u>(\$144,703)</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$564,851	\$416,147	\$148,704
Special Revenue	214,133	171,133	43,000
Capital Projects	608,400	483,802	124,598
Enterprise	808,491	567,877	240,614
Fiduciary	10,200	12,905	(2,705)
Total	<u>\$2,206,075</u>	<u>\$1,651,864</u>	<u>\$554,211</u>

**VILLAGE OF GREEN SPRINGS  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

Contrary to Ohio law, appropriations exceeded total estimated revenues in the Elevated Storage Tank Fund by \$19,600 and the Water Operating Fund by \$160,285 for the year ended December 31, 2003 and Water Operating Fund by \$16,799 for the year ended December 31, 2004.

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Village Council adopts 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 State pays the Village amounts equaling these deductions. The Village includes these with Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half payment 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.

Property owners assess tangible personal property tax. They must file a list of tangible 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 the Village's behalf.

**5. LOCAL INCOME TAX**

The Village levies a municipal income tax of 1 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, 2004 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan	\$330,794	4.78/4.66%
General Obligation Notes	65,000	3.75%
Total	<u>\$395,794</u>	

The Ohio Water Development Authority (OWDA) loans relate to the replacement of the elevated water storage tank project the Ohio Environmental Protection Agency mandated. The OWDA approved up to \$338,025 in loans to the Village for this project. The Village will repay the loans in semiannual installments of \$21,247, including interest, over 30 years. Water receipts collateralize the loan. 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, 2004 AND 2003  
(Continued)**

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

The Ohio Public Works Commission (OPWC) loan relates to the replacement of the elevated water storage tank project. The OPWC has approved up to \$200,000 in loans to the Village for this project. The loans will be repaid once the project has been completed. The OPWC will then determine the scheduled payments based on the amounts actually borrowed. An amortization schedule of payments has not yet been finalized and as a result the schedule below does not include this loan. The loan is collateralized by water receipts.

Amortization of the above debt, including interest, follows:

Year ending December 31:	OWDA Loans	General Obligation Notes
2005	\$21,247	\$66,823
2006	21,247	
2007	21,247	
2008	21,247	
2009	21,247	
2010-2035	502,842	
Total	\$609,077	\$66,823

**7. RETIREMENT SYSTEMS**

The Village's law enforcement officers belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time 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 the plans' retirement benefits, including postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2004 and 2003, OP&F participants contributed 10 percent of their wages. The Village contributed an amount equal to 19.5 percent of police participant wages. OPERS members contributed 8.5 percent of their wages. The Village contributed an amount equal to 13.55 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2004.

**8. RISK MANAGEMENT**

**Risk Pool Membership**

The Village belongs to the Ohio Government Risk Management Plan (the Plan), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 500 Ohio governments (Members).

**VILLAGE OF GREEN SPRINGS  
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2004 AND 2003  
(Continued)**

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

The Plan issues its own policies and reinsures the Plan with A- VII or better rated carriers, except for the 5 percent portion retained by the Plan. After September 1, 2003, the Plan pays the lesser of 5 percent or \$25,000 of casualty losses and the lesser of 5 percent or \$50,000 of property losses. The individual members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities, and retained earnings at December 31:

	<u>2004</u>	<u>2003</u>
Assets	\$6,685,522	\$5,402,167
Liabilities	<u>2,227,808</u>	<u>1,871,123</u>
Members' Equity	<u><u>\$4,457,714</u></u>	<u><u>\$3,531,044</u></u>

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

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**Auditor of State  
Betty Montgomery**

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

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

To the Village Council:

We have audited the financial statements of the Village of Green Springs (the Village) as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated September 21, 2005, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted that the Village uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Village because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Village's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Village's management dated September 21, 2005, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

One Government Center / Room 1420 / Toledo, OH 43604-2246  
Telephone: (419) 245-2811 (800) 443-9276 Fax: (419) 245-2484  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

### **Compliance and Other Matters**

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2004-001. In a separate letter to the Village's management dated September 21, 2005, we reported other matters related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of the audit committee, management, and Village Council. It is not intended for anyone other than these specified parties.



**Betty Montgomery**  
Auditor of State

September 21, 2005

VILLAGE OF GREEN SPRINGS  
SENECA COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2004 AND 2003

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

FINDING NUMBER 2004-001

Noncompliance Citation

Ohio Revised Code § 5705.39 provides in part that the total appropriations from each fund shall not exceed the total of the estimated resources available for expenditures therefrom, as certified by the budget commission or in case of appeal, by the board of tax appeals.

As of December 31, 2003 and 2004, the Village's failure to obtain an increased certificate of estimated resources caused appropriations to exceed estimated resources in the following funds which is contrary to Ohio Revised Code § 5705.39:

	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Variance</u>
<b>2003</b>			
<u>Capital Project Fund:</u>			
Elevated Storage Tank Fund	\$588,800	\$608,400	(\$19,600)
<u>Enterprise Fund:</u>			
Water Operating Fund	428,695	588,980	(160,285)
<b>2004</b>			
<u>Enterprise Fund:</u>			
Water Operating Fund	\$316,958	\$333,757	(\$16,799)

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





**Auditor of State  
Betty Montgomery**

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**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  
OCTOBER 13, 2005**