



Mary Taylor, CPA
Auditor of State

VILLAGE OF GREENWICH
HURON COUNTY

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Mary Taylor, CPA
Auditor of State

Village of Greenwich
Huron County
45 Main Street
Greenwich, Ohio 44837-1145

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 an 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 adverse 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.

Mary Taylor

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May 12, 2010

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of Greenwich
Huron County
45 Main Street
Greenwich, Ohio 44837-1145

To the Village Council:

We have audited the accompanying financial statements of the Village of Greenwich, Huron County, (the Village) as of and for the years ended December 31, 2009 and 2008. 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 audits.

We conducted our audits 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 audits 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 audits provide 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.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. 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 GAAP presentation requirements. The

Auditor of State permits, but does not require villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. 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 years ended December 31, 2009 and 2008 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, 2009 and 2008, or its changes in financial position or cash flows, where applicable for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Greenwich, Huron County, as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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 May 12, 2010, 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 audits.



Mary Taylor, CPA
Auditor of State

May 12, 2010

**VILLAGE OF GREENWICH
HURON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Local Taxes	\$138,540	\$12,340	\$150,880
Municipal Income Tax		157,599	157,599
Intergovernmental	118,530	66,902	185,432
Charges for Services		3,260	3,260
Fines, Licenses and Permits	37,104	463	37,567
Earnings on Investments	23,935	2,730	26,665
Miscellaneous	19,433	2,025	21,458
	<u>337,542</u>	<u>245,319</u>	<u>582,861</u>
Total Cash Receipts			
	<u>337,542</u>	<u>245,319</u>	<u>582,861</u>
Cash Disbursements:			
Current:			
Security of Persons and Property	313,399		313,399
Public Health Services	1,972	3,080	5,052
Leisure Time Activities	1,008	13,704	14,712
Basic Utility Service	8,683		8,683
Transportation		115,033	115,033
General Government	164,125	19,175	183,300
Capital Outlay	29,075	20,000	49,075
	<u>518,262</u>	<u>170,992</u>	<u>689,254</u>
Total Cash Disbursements			
	<u>518,262</u>	<u>170,992</u>	<u>689,254</u>
Total Receipts Over/(Under) Disbursements	<u>(180,720)</u>	<u>74,327</u>	<u>(106,393)</u>
Other Financing Receipts / (Disbursements):			
Transfers-In	101,393	33,817	135,210
Transfers-Out	(68,503)	(135,210)	(203,713)
Other Financing Sources	56,290	6,850	63,140
Other Financing Uses		(3,800)	(3,800)
	<u>89,180</u>	<u>(98,343)</u>	<u>(9,163)</u>
Total Other Financing Receipts / (Disbursements)			
	<u>89,180</u>	<u>(98,343)</u>	<u>(9,163)</u>
Cash Receipts and Other Financing Receipts Under Cash Disbursements and Other Financing Disbursements	(91,540)	(24,016)	(115,556)
Fund Cash Balances, January 1	621,546	284,998	906,544
Fund Cash Balances, December 31	<u><u>\$530,006</u></u>	<u><u>\$260,982</u></u>	<u><u>\$790,988</u></u>

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

**VILLAGE OF GREENWICH
HURON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$1,713,127		\$1,713,127
Operating Cash Disbursements:			
Personal Services	219,697		219,697
Employee Fringe Benefits	94,314		94,314
Contractual Services	1,370,450		1,370,450
Supplies and Materials	232,767		232,767
Total Operating Cash Disbursements	1,917,228		1,917,228
Operating Loss	(204,101)		(204,101)
Non-Operating Cash Receipts:			
Property and Other Local Taxes	652		652
Intergovernmental	95,578		95,578
Sale of Notes	2,190		2,190
Other Debt Proceeds	159,156		159,156
Sale of Fixed Assets	20,699		20,699
Other Non-Operating Cash Receipts		\$23,393	23,393
Total Non-Operating Cash Receipts	278,275	23,393	301,668
Non-Operating Cash Disbursements:			
Capital Outlay	240,758		240,758
Redemption of Principal	132,061		132,061
Interest and Other Fiscal Charges	8,048		8,048
Total Non-Operating Cash Disbursements	380,867		380,867
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers	(306,693)	23,393	(283,300)
Transfers-In	68,503		68,503
Net Receipts Over/(Under) Disbursements	(238,190)	23,393	(214,797)
Fund Cash Balances, January 1	1,055,241		1,055,241
Fund Cash Balances, December 31	<u>\$817,051</u>	<u>\$23,393</u>	<u>\$840,444</u>

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

**VILLAGE OF GREENWICH
HURON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Local Taxes	\$151,232	\$14,525	\$165,757
Municipal Income Tax		178,939	178,939
Intergovernmental	165,548	74,964	240,512
Charges for Services		4,396	4,396
Fines, Licenses and Permits	35,397	108	35,505
Earnings on Investments	51,173	6,529	57,702
Miscellaneous	10,811	1,668	12,479
	<u>414,161</u>	<u>281,129</u>	<u>695,290</u>
Cash Disbursements:			
Current:			
Security of Persons and Property	337,145	25	337,170
Public Health Services	1,817	7,969	9,786
Leisure Time Activities		5,709	5,709
Basic Utility Service	7,319		7,319
Transportation		104,528	104,528
General Government	148,084	22,745	170,829
Capital Outlay		39,737	39,737
	<u>494,365</u>	<u>180,713</u>	<u>675,078</u>
Total Cash Disbursements	<u>494,365</u>	<u>180,713</u>	<u>675,078</u>
Total Receipts Over/(Under) Disbursements	<u>(80,204)</u>	<u>100,416</u>	<u>20,212</u>
Other Financing Receipts / (Disbursements):			
Transfers-In	118,467	39,489	157,956
Transfers-Out	(79,725)	(157,956)	(237,681)
Other Financing Uses		(3,600)	(3,600)
	<u>38,742</u>	<u>(122,067)</u>	<u>(83,325)</u>
Total Other Financing Receipts / (Disbursements)	<u>38,742</u>	<u>(122,067)</u>	<u>(83,325)</u>
Cash Receipts and Other Financing Receipts Under Cash Disbursements and Other Financing Disbursements	(41,462)	(21,651)	(63,113)
Fund Cash Balances, January 1	<u>663,008</u>	<u>306,649</u>	<u>969,657</u>
Fund Cash Balances, December 31	<u>\$621,546</u>	<u>\$284,998</u>	<u>\$906,544</u>

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

**VILLAGE OF GREENWICH
HURON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	\$1,887,812
Operating Cash Disbursements:	
Personal Services	200,875
Employee Fringe Benefits	62,422
Contractual Services	1,412,818
Supplies and Materials	194,899
Total Operating Cash Disbursements	1,871,014
Operating Income	16,798
Non-Operating Cash Receipts:	
Property and Other Local Taxes	698
Intergovernmental	260,946
Miscellaneous Receipts	2,100
Total Non-Operating Cash Receipts	263,744
Non-Operating Cash Disbursements:	
Capital Outlay	371,636
Redemption of Principal	22,748
Interest and Other Fiscal Charges	8,541
Total Non-Operating Cash Disbursements	402,925
Receipts Under Disbursements Before Interfund Transfers	(122,383)
Transfers-In	79,725
Net Receipts Under Disbursements	(42,658)
Fund Cash Balances, January 1	1,097,899
Fund Cash Balances, December 31	\$1,055,241

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

**VILLAGE OF GREENWICH
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

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 Greenwich, Huron 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, electric, park operations, and police services.

The Village participates in two jointly governed organizations and the Public Entities Pool of Ohio public entity risk pool. Notes 8 and 10 to the financial statements provides additional information for these entities. These organizations are:

Jointly Governed Organizations:

Tri-Community Joint Fire District provides fire protection and rescue services.

Tri-Community Joint Ambulance District provides ambulance services.

Public Entity Risk Pool:

Public Entities Pool of Ohio 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 the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposits and Investments

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

The Village values certificates of deposit at cost.

VILLAGE OF GREENWICH
HURON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

2. Special Revenue Funds

These funds account for proceeds from specific sources 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.

Income Tax Fund – This fund receives revenue from an income tax levied by the Village. The fund accounts for expenses of the Income Tax Department. The net proceeds are allocated to the General Fund (75 percent) and the Street Construction, Maintenance and Repair Fund (25 Percent).

3. 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:

Electric Fund - This fund receives charges for services from residents to cover the cost of providing this service.

Sewer Improvement Fund - This fund receives a portion of utility charges and received loan proceeds from the Ohio Public Works Commission that are used to pay the cost of various sewer improvements.

4. 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.

**VILLAGE OF GREENWICH
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Fiduciary Funds (Continued)

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 funds received from insurance companies and subsequently disbursed to property owners net of any costs incurred to repair, remove, or secure the building or other structure.

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus 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 individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2009 and 2008 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.

**VILLAGE OF GREENWICH
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

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:

	2009	2008
Demand deposits	\$431,432	\$861,785
Certificates of deposit	1,200,000	1,100,000
Total deposits	\$1,631,432	\$1,961,785

Deposits are insured by the Federal Depository Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Village.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$441,480	\$495,225	\$53,745
Special Revenue	537,774	285,986	(251,788)
Enterprise	3,078,247	2,059,905	(1,018,342)
Total	\$4,057,501	\$2,841,116	(\$1,216,385)

2009 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,055,520	\$586,765	\$468,755
Special Revenue	537,774	310,002	227,772
Enterprise	3,078,247	2,298,095	780,152
Total	\$4,671,541	\$3,194,862	\$1,476,679

2008 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$461,027	\$532,628	\$71,601
Special Revenue	285,408	320,618	35,210
Enterprise	2,102,075	2,231,281	129,206
Total	\$2,848,510	\$3,084,527	\$236,017

**VILLAGE OF GREENWICH
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,124,032	\$574,090	\$549,942
Special Revenue	592,059	342,269	249,790
Enterprise	3,059,685	2,273,939	785,746
Total	\$4,775,776	\$3,190,298	\$1,585,478

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.

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. 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.

**VILLAGE OF GREENWICH
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

6. DEBT

Debt outstanding at December 31, 2009 was as follows:

	Principal	Interest Rate
Ohio Public Works Commission	\$422,709	0.00%
Ohio Water Development Authority Loan	219,675	3.49%
Total	\$642,384	

The Ohio Water Development Authority (OWDA) loan relates to construction of a water tower. The loan will be repaid in semiannual installments of \$11,282, including interest, over 20 years. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Public Works Commission (OPWC) zero interest loans relate to a sanitary collector line replacement, a storm sewer separation, Alpha Road water line improvement, street sewer separation, and sewer separation improvements. The loans will be repaid in semiannual installments of \$3,750, \$3,047, \$1,929, \$3,811, and \$1,463 over 20 years. The Village has agreed to set utility rates sufficient to cover the OPWC debt service requirements.

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

Year ending December 31:	OWDA Loan	OPWC Loans
2010	\$11,282	\$14,000
2011	22,564	28,000
2012	22,564	28,000
2013	22,564	28,001
2014	22,564	28,001
2015-2019	112,820	133,910
2020-2024	56,410	105,780
2025-2029		53,206
2030		3,811
Total	\$270,768	\$422,709

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 2009 and 2008, OP&F participants contributed 10% of their wages. For 2009 and 2008, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2009 and 2008, 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, 2009.

**VILLAGE OF GREENWICH
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

8. RISK MANAGEMENT

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

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

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, 2008, 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.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2008 and 2007 (the latest information available):

	<u>2008</u>	<u>2007</u>
Assets	\$35,769,535	\$37,560,071
Liabilities	(15,310,206)	(17,340,825)
Net Assets	<u>\$20,459,329</u>	<u>\$20,219,246</u>

At December 31, 2008 and 2007, respectively, the liabilities above include approximately \$13.8 million and \$15.9 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$12.9 million and \$15.0 million of unpaid claims to be billed to approximately 445 member governments in the future, as of December 31, 2008, and 2007, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Village's share of these unpaid claims collectible in future years is approximately \$27,000.

**VILLAGE OF GREENWICH
HURON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

8. RISK MANAGEMENT (Continued)

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>	
2008	\$25,392
2009	\$27,907

After completing one year of membership, members may withdraw on each anniversary of the date they joined PEP provided they provide written notice to PEP 60 days in advance of 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. CONTINGENT LIABILITIES

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

10. JOINTLY GOVERNED ORGANIZATIONS

Tri-Community Ambulance District

A three-member Board of Trustees governs the District. Each political subdivision within the District appoints one member. Those subdivisions are the Village of Greenwich, Greenwich Township, and Ripley Township. The District provides emergency medical services to residents of these political subdivisions. Financial information can be obtained from Traci Montgomery, Clerk, Tri-Community Ambulance District, 3720 Edwards Road, Greenwich, Ohio 44837-9416.

Tri-Community Joint Fire District

A three-member Board of Trustees governs the District. Each political subdivision within the District appoints one member. Those subdivisions are the Village of Greenwich, Greenwich Township, and Ripley Township. The District provides fire protection and rescue services within the District and by contract to areas outside the District. Financial information can be obtained from Lisa Madison, Clerk, Tri-Community Joint Fire District, 49 Main Street, Greenwich, Ohio, 44837-1145.



Mary Taylor, CPA
Auditor of State

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

Village of Greenwich
Huron County
45 Main Street
Greenwich, Ohio 44837-1145

To the Village Council:

We have audited the financial statements of the Village of Greenwich, Huron County, (the Village) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated May 12, 2010 wherein we noted the Village prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also noted 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. 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 conducted our audits 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 audits, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not

identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

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 audits 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*.

We did note certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated May 12, 2010.

We intend this report solely for the information and use of management, the audit committee, Village Council, and others within the Village. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

May 12, 2010



Mary Taylor, CPA
Auditor of State

VILLAGE OF GREENWICH

HURON 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
JUNE 10, 2010**