



**VILLAGE OF GREEN SPRINGS
SENECA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



**JIM PETRO
AUDITOR OF STATE**

STATE OF OHIO

VILLAGE OF GREEN SPRINGS
SENECA COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

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, Ohio, (the Village) as of and for the years ended December 31, 2000 and 1999. 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.

Except as discussed in the following paragraph, we conducted our audits in accordance with generally accepted auditing standards 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 audits 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 audits provide a reasonable basis for our opinion.

We were not able to obtain sufficient evidential matter supporting the municipal income tax revenues of the general fund. Income tax receipts included in the general fund line item "property tax and other local taxes" comprise \$207,729 and \$190,342 for fiscal years 2000 and 1999 respectively.

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, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to obtain sufficient evidential matter supporting the municipal income tax revenues of the general fund the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 2000 and 1999, 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 March 7, 2001 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.

This report is intended solely for the information and use of the audit 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.

Jim Petro
Auditor of State

March 7, 2001

**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, 2000**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Expendable Trust</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$246,648	\$22,496		\$269,144
Intergovernmental Receipts	108,063	60,752		168,815
Charges for Services	6,625			6,625
Fines, Licenses, and Permits	2,179			2,179
Earnings on Investments	15,573	2,152	\$2,849	20,574
Miscellaneous	7,877	1,651	7	9,535
	<u>386,965</u>	<u>87,051</u>	<u>2,856</u>	<u>476,872</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	37,403	85,187		122,590
Public Health Services	13,076			13,076
Leisure Time Activities	23,851			23,851
Community Environment	1,245			1,245
Transportation	55,067	55,648		110,715
General Government	87,997			87,997
Capital Outlay	66,560	22,764	5,379	94,703
	<u>285,199</u>	<u>163,599</u>	<u>5,379</u>	<u>454,177</u>
Total Receipts Over/(Under) Disbursements	<u>101,766</u>	<u>(76,548)</u>	<u>(2,523)</u>	<u>22,695</u>
Other Financing Receipts/(Disbursements):				
Transfers-In		70,000		70,000
Transfers-Out	(70,000)			(70,000)
	<u>(70,000)</u>	<u>70,000</u>		
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	31,766	(6,548)	(2,523)	22,695
Fund Cash Balances, January 1	<u>337,771</u>	<u>100,205</u>	<u>44,277</u>	<u>482,253</u>
Fund Cash Balances, December 31	<u><u>\$369,537</u></u>	<u><u>\$93,657</u></u>	<u><u>\$41,754</u></u>	<u><u>\$504,948</u></u>
Reserves for Encumbrances, December 31	<u><u>\$29,557</u></u>	<u><u>\$8,101</u></u>		<u><u>\$37,658</u></u>

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, 2000**

	Proprietary Fund Type	Fiduciary Fund Types		Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	Agency	
Operating Cash Receipts:				
Charges for Services	\$261,963		\$2,000	\$263,963
Miscellaneous	1,750			1,750
Total Operating Cash Receipts	<u>263,713</u>		<u>2,000</u>	<u>265,713</u>
Operating Cash Disbursements:				
Personal Services	35,664			35,664
Fringe Benefits	10,995			10,995
Contractual Services	43,549			43,549
Supplies and Materials	100,407	\$60		100,467
Capital Outlay	71,839			71,839
Total Operating Cash Disbursements	<u>262,454</u>	<u>60</u>		<u>262,514</u>
Operating Income/(Loss)	<u>1,259</u>	<u>(60)</u>	<u>2,000</u>	<u>3,199</u>
Non-Operating Cash Receipts:				
Other Non-Operating Receipts		9		9
Non-Operating Cash Disbursements:				
Debt Service	34,313			34,313
Other Non-Operating Cash Disbursements	450			450
Total Non-Operating Cash Disbursements	<u>34,763</u>			<u>34,763</u>
Net Receipts Over/(Under) Disbursements	(33,504)	(51)	2,000	(31,555)
Fund Cash Balances, January 1	<u>192,910</u>	<u>6,897</u>	<u>267</u>	<u>200,074</u>
Fund Cash Balances, December 31	<u>\$159,406</u>	<u>\$6,846</u>	<u>\$2,267</u>	<u>\$168,519</u>
Reserve for Encumbrances, December 31	<u>\$31,377</u>			<u>\$31,377</u>

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, 1999**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Expendable Trust</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$228,257	\$19,348		\$247,605
Intergovernmental Receipts	135,822	63,108		198,930
Charges for Services	8,292			8,292
Fines, Licenses, and Permits	644			644
Earnings on Investments	13,496	2,083	\$1,996	17,575
Miscellaneous	15,462	1,189	5,373	22,024
	<u>401,973</u>	<u>85,728</u>	<u>7,369</u>	<u>495,070</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Security of Persons and Property	36,649	76,414		113,063
Public Health Services	9,635			9,635
Leisure Time Activities	19,495			19,495
Community Environment	592			592
Transportation	57,569	54,165		111,734
General Government	101,090			101,090
Capital Outlay	87,318	15,738	2,500	105,556
	<u>312,348</u>	<u>146,317</u>	<u>2,500</u>	<u>461,165</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	<u>89,625</u>	<u>(60,589)</u>	<u>4,869</u>	<u>33,905</u>
Other Financing Receipts/(Disbursements):				
Transfers-In	4,000	70,000		74,000
Transfers-Out	(70,000)			(70,000)
	<u>(66,000)</u>	<u>70,000</u>		<u>4,000</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	23,625	9,411	4,869	37,905
Fund Cash Balances, January 1	<u>314,146</u>	<u>90,794</u>	<u>39,408</u>	<u>444,348</u>
Fund Cash Balances, December 31	<u><u>\$337,771</u></u>	<u><u>\$100,205</u></u>	<u><u>\$44,277</u></u>	<u><u>\$482,253</u></u>
Reserves for Encumbrances, December 31	<u><u>\$2,061</u></u>	<u><u>\$1,388</u></u>		<u><u>\$3,449</u></u>

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, 1999**

	Proprietary Fund Type	Fiduciary Fund Types		Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	Agency	
Operating Cash Receipts:				
Charges for Services	\$248,532		\$2,000	\$250,532
Miscellaneous	710			710
Total Operating Cash Receipts	<u>249,242</u>		<u>2,000</u>	<u>251,242</u>
Operating Cash Disbursements:				
Personal Services	43,366			43,366
Fringe Benefits	14,650			14,650
Contractual Services	41,028			41,028
Supplies and Materials	72,734	\$60		72,794
Capital Outlay	130,579			130,579
Total Operating Cash Disbursements	<u>302,357</u>	<u>60</u>		<u>302,417</u>
Operating Income/(Loss)	<u>(53,115)</u>	<u>(60)</u>	<u>2,000</u>	<u>(51,175)</u>
Non-Operating Cash Receipts:				
Proceeds from Notes and Bonds	100,040			100,040
Other Non-Operating Receipts		381		381
Total Non-Operating Cash Receipts	<u>100,040</u>	<u>381</u>		<u>100,421</u>
Non-Operating Cash Disbursements:				
Debt Service	34,350			34,350
Other Non-Operating Cash Disbursements	722			722
Total Non-Operating Cash Disbursements	<u>35,072</u>			<u>35,072</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	11,853	321	2,000	14,174
Transfers-Out			<u>(4,000)</u>	<u>(4,000)</u>
Net Receipts Over/(Under) Disbursements	11,853	321	(2,000)	10,174
Fund Cash Balances, January 1	<u>181,057</u>	<u>6,576</u>	<u>2,267</u>	<u>189,900</u>
Fund Cash Balances, December 31	<u>\$192,910</u>	<u>\$6,897</u>	<u>\$267</u>	<u>\$200,074</u>
Reserve for Encumbrances, December 31	<u>\$4,340</u>			<u>\$4,340</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, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Green Springs, Seneca 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 and sewer utilities, park operations (leisure time activities), 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 and Investments

Certificates of deposit and money market funds are valued at cost.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

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.

**VILLAGE OF GREEN SPRINGS
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

State Highway Fund - this fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village Streets.

Police Operating Fund - Receives funds mainly through property tax revenues.

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 Funds:

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

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

4. Fiduciary Funds (Trust and Agency Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified 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 fund:

Endowment Fund - To account for the revenues and expenditures for 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. 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.

**VILLAGE OF GREEN SPRINGS
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

A summary of 2000 and 1999 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. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2000</u>	<u>1999</u>
Demand deposits	\$410,493	\$418,755
Money Market	74,962	75,575
Certificates of deposit	<u>188,012</u>	<u>187,997</u>
Total deposits and Investments	<u>\$673,467</u>	<u>\$682,327</u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool

Investments: Investments in money markets are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$358,505	\$386,965	\$28,460
Special Revenue	170,300	157,051	(13,249)
Enterprise	254,000	263,713	9,713
Fiduciary	<u>5,220</u>	<u>4,856</u>	<u>(364)</u>
Total	<u>\$788,025</u>	<u>\$812,585</u>	<u>\$24,560</u>

**VILLAGE OF GREEN SPRINGS
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$531,377	\$384,756	\$146,621
Special Revenue	268,828	171,700	97,128
Enterprise	390,240	328,594	61,646
Fiduciary	10,700	5,439	5,261
Total	<u>\$1,201,145</u>	<u>\$890,489</u>	<u>\$310,656</u>

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$324,905	\$405,973	\$81,068
Special Revenue	164,900	155,728	(9,172)
Enterprise	359,000	349,282	(9,718)
Fiduciary	4,918	9,369	4,451
Total	<u>\$853,723</u>	<u>\$920,352</u>	<u>\$66,629</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$557,280	\$384,409	\$172,871
Special Revenue	252,945	147,705	105,240
Enterprise	586,525	341,769	244,756
Fiduciary	12,300	6,560	5,740
Total	<u>\$1,409,050</u>	<u>\$880,443</u>	<u>\$528,607</u>

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 payment, 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.

**VILLAGE OF GREEN SPRINGS
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

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, 2000 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Notes	<u>\$135,040</u>	6.450%

Proceeds from the general obligations notes were for the Village's well field and water softener.

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

<u>Year ending December 31:</u>	<u>General Obligation Notes</u>
2001	\$13,272
2002	13,272
2003	63,272
2004	85,040
Total	<u>\$174,856</u>

The note principal is due at maturity of the note. The Village is only required to pay the interest annually.

6. RETIREMENT SYSTEMS

The Village's full-time law enforcement officers belong to the Police and Firemen's Disability and Pension Funds (OP & F Fund). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. OP & F Fund and PERS are cost-sharing, multiple-employer plans. These plans provide 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 2000 and 1999, members of Op & F Fund contributed 10% of their wages to the OP & F Fund. The Village contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries in 1999 and 10.84% in 2000. The Village has paid all contributions required through December 31, 2000.

**VILLAGE OF GREEN SPRINGS
SENECA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles;
- Law officers liability;
- Public officials liability;
- Electronic Data;
- Inland Marine;
- Boiler and machinery; and
- Crime

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



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON
INTERNAL CONTROL 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 accompanying financial statements of the Village of Green Springs, Seneca County, Ohio, (the Village) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated March 7, 2001 which was qualified for our inability to obtain sufficient evidential matter supporting the municipal income tax revenues of the general fund. Except as discussed in the preceding sentence, we conducted our audits in accordance with generally accepted auditing standards 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 audits 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 of the Village in a separate letter dated March 7, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as 2000-30574-001.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above to be a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated March 7, 2001.

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

Jim Petro
Auditor of State

March 7, 2001

**VILLAGE OF GREEN SPRINGS
SENECA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2000-30574-001

Material Weakness - Income Tax

While performing tests for accountability and compliance in the Income Tax Department we found the tax returns, employers withholding and year-end copies of W-2's and taxpayers' estimated returns for tax years 1998 and 1999 (filed in 1999 and 2000) maintained in no particular order by tax return type, year, or individual or corporate filer. This resulted in:

1. The Ordinance required mandatory filing, however, numerous residents did not have returns on file, or a statement of disability, retirement or other documentation for not filing a return.
2. Quarterly payments received from employers for employee's withholdings were not reconciled to the year- end W-2's filed. The W-2's were not reconciled to returns filed.
3. Estimated tax payments were not reconciled to the annual return.
4. Several returns viewed were filed after the date required, however, no indication of a penalty being assessed was noted on the form.
5. The Income Tax Department was a manual operation with no apparent controls over activity. In October, 2000, Council purchased a computer system for the department. The computer system has not yet been implemented.

Due to the lack of proper record keeping, we were unable to determine if all tax money due to the Village had been collected. In order to strengthen accountability and compliance over income tax collections, we recommend the following:

1. All residents should be required to file documentation stating the reason a tax return was not filed.
2. Quarterly payments made by employers should be reconciled to the year-end W-2's filed by the employer or to the individual's tax return if they are residents of the Village.
3. Estimated tax payments should be reconciled to the tax returns.
4. Penalties need to be assessed for returns filed after the due date, or an explanation of why the penalty was not assessed should be included in the file.
5. The computer system needs to be programed for all residents and companies required to file tax returns and implemented for the 2000 tax year.



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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
MARCH 27, 2001**