

**VILLAGE OF WARSAW  
COSHOCKTON COUNTY  
Regular Audit  
December 31, 2008 and 2007**

***Perry & Associates***  
Certified Public Accountants, A.C.





# Mary Taylor, CPA

Auditor of State

Members of Council  
Village of Warsaw  
P.O. Box 399  
Warsaw, Ohio 43844-0399

We have reviewed the *Independent Accountants' Report* of the Village of Warsaw, Coshocton County, prepared by Perry & Associates, CPAs, A.C., for the audit period January 1, 2007 through December 31, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the Auditor of State 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Accountants' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Warsaw is responsible for compliance with these laws and regulations.

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Mary Taylor, CPA  
Auditor of State

June 18, 2009

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VILLAGE OF WARSAW  
COSHOCOTON COUNTY

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**INDEPENDENT ACCOUNTANTS' REPORT**

June 3, 2009

Village of Warsaw  
Coshocton County  
322 Mill Street  
P.O. Box 399  
Warsaw, Ohio 43844

To the Village Council:

We have audited the accompanying financial statements of the **Village of Warsaw, Coshocton County, Ohio**, (the Village) as of and for the years ended December 31, 2008 and 2007. 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. 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.

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 the 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, 2008 and 2007 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, 2008 and 2007 or their changes in financial position or cash flows 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 and reserve for encumbrances of the Village of Warsaw, Coshocton County, as of December 31, 2008 and 2007, 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 June 3, 2009, 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.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

**Perry and Associates**  
Certified Public Accountants, A.C.

**VILLAGE OF WARSAW  
COSHOCOTON 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>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	
<b>Cash Receipts:</b>				
Property Tax and Other Local Taxes	\$ 40,329	\$ 7,106	\$ -	\$ 47,435
Intergovernmental	44,019	31,473	-	75,492
Charges for Services	11,896	79,326	-	91,222
Fines, Licenses, and Permits	4,818	-	-	4,818
Earnings on Investments	1,222	332	800	2,354
Miscellaneous	2,520	46,232	260	49,012
	<u>104,804</u>	<u>164,469</u>	<u>1,060</u>	<u>270,333</u>
<b>Total Cash Receipts</b>				
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	33,391	-	-	33,391
Public Health Services	-	12,618	4,000	16,618
Leisure Time Activities	430	88,039	-	88,469
Community Environment	5,989	-	-	5,989
Basic Utility Services	6,236	-	-	6,236
Transportation	-	26,298	-	26,298
General Government	52,703	-	-	52,703
Debt Service:				
Redemption of Principal	5,253	12,534	-	17,787
Interest and Fiscal Charges	81	1,286	-	1,367
	<u>104,083</u>	<u>140,775</u>	<u>4,000</u>	<u>248,858</u>
<b>Total Cash Disbursements</b>				
Total Cash Receipts Over/(Under) Disbursements	<u>721</u>	<u>23,694</u>	<u>(2,940)</u>	<u>21,475</u>
<b>Other Financing Receipts and (Disbursements):</b>				
Transfer-Out	<u>(591)</u>	<u>-</u>	<u>-</u>	<u>(591)</u>
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(591)</u>	<u>-</u>	<u>-</u>	<u>(591)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	130	23,694	(2,940)	20,884
Fund Cash Balances, January 1	<u>48,033</u>	<u>55,673</u>	<u>31,354</u>	<u>135,060</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$ 48,163</b></u>	<u><b>\$ 79,367</b></u>	<u><b>\$ 28,414</b></u>	<u><b>\$ 155,944</b></u>
Reserve for Encumbrances, December 31	<u>\$ -</u>	<u>\$ 10</u>	<u>\$ -</u>	<u>\$ 10</u>

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



**VILLAGE OF WARSAW  
COSHOCTON 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, 2008**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$ 191,108	\$ -	\$ 191,108
Total Operating Revenues	<u>191,108</u>	<u>-</u>	<u>191,108</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	59,159	-	59,159
Fringe Benefits	15,699	9,491	25,190
Contractual Services	45,346	-	45,346
Supplies and Materials	29,242	-	29,242
Total Operating Cash Disbursements	<u>149,446</u>	<u>9,491</u>	<u>158,937</u>
Operating Income (Loss)	<u>41,662</u>	<u>(9,491)</u>	<u>32,171</u>
<b>Non-Operating Cash Receipts/(Disbursements):</b>			
Earnings on Investments	4,231	-	4,231
Miscellaneous	157	9,000	9,157
Capital Outlay	(158)	-	(158)
Redemption of Principal	(17,946)	-	(17,946)
Interest and Other Fiscal Charges	(3,386)	-	(3,386)
Other Financing Uses	(4,500)	-	(4,500)
Total Non-Operating Cash Receipts/(Disbursements)	<u>(21,602)</u>	<u>9,000</u>	<u>(12,602)</u>
Excess of Cash Receipts Over/(Under) Cash Disbursements Before Interfund Transfers	20,060	(491)	19,569
Transfer-In	<u>591</u>	<u>-</u>	<u>591</u>
Net Receipts Over/(Under) Cash Disbursements	20,651	(491)	20,160
Fund Cash Balances, January 1	<u>176,215</u>	<u>491</u>	<u>176,706</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$ 196,866</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 196,866</u></b>
Reserve for Encumbrances, December 31	<u>\$ 21</u>	<u>\$ -</u>	<u>\$ 21</u>

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

**VILLAGE OF WARSAW  
COSHOCOTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	
<b>Cash Receipts:</b>				
Property Tax and Other Local Taxes	\$ 40,769	\$ 5,678	\$ -	\$ 46,447
Intergovernmental	42,451	31,121	-	73,572
Charges for Services	12,549	92,694	-	105,243
Fines, Licenses, and Permits	1,923	-	-	1,923
Earnings on Investments	1,879	-	1,541	3,420
Miscellaneous	6,570	37,514	160	44,244
<b>Total Cash Receipts</b>	<u>106,141</u>	<u>167,007</u>	<u>1,701</u>	<u>274,849</u>
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	32,945	-	-	32,945
Public Health Services	-	15,440	400	15,840
Leisure Time Activities	4,758	90,303	-	95,061
Community Environment	4,470	-	-	4,470
Basic Utility Services	438	-	-	438
Transportation	-	17,978	-	17,978
General Government	49,371	-	-	49,371
Debt Service:				
Redemption of Principal	7,683	11,875	-	19,558
Interest and Fiscal Charges	470	1,944	-	2,414
<b>Total Cash Disbursements</b>	<u>100,135</u>	<u>137,540</u>	<u>400</u>	<u>238,075</u>
<b>Total Cash Receipts Over/(Under) Disbursements</b>	<u>6,006</u>	<u>29,467</u>	<u>1,301</u>	<u>36,774</u>
<b>Other Financing Receipts and (Disbursements):</b>				
Transfer-In	-	1,044	-	1,044
Transfer-Out	(1,020)	-	(1,044)	(2,064)
Other Sources	477	-	-	477
Other Uses	-	(948)	(800)	(1,748)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(543)</u>	<u>96</u>	<u>(1,844)</u>	<u>(2,291)</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>5,463</u>	<u>29,563</u>	<u>(543)</u>	<u>34,483</u>
<b>Fund Cash Balances, January 1</b>	<u>42,570</u>	<u>26,110</u>	<u>31,897</u>	<u>100,577</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$ 48,033</b></u>	<u><b>\$ 55,673</b></u>	<u><b>\$ 31,354</b></u>	<u><b>\$ 135,060</b></u>
<b>Reserve for Encumbrances, December 31</b>	<u><b>\$ -</b></u>	<u><b>\$ 10</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 10</b></u>

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

**VILLAGE OF WARSAW  
COSHOCOTON 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, 2007**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$ 191,061	\$ -	\$ 191,061
Total Operating Revenues	<u>191,061</u>	<u>-</u>	<u>191,061</u>
<b>Operating Cash Disbursements:</b>			
Security of Persons and Property			-
Personal Services	57,872	-	57,872
Fringe Benefits	14,698	10,627	25,325
Contractual Services	44,408	-	44,408
Supplies and Materials	23,901	-	23,901
Total Operating Cash Disbursements	<u>140,879</u>	<u>10,627</u>	<u>151,506</u>
Operating Income (Loss)	<u>50,182</u>	<u>(10,627)</u>	<u>39,555</u>
<b>Non-Operating Cash Receipts/(Disbursements):</b>			
Earnings on Investments	4,306	-	4,306
Miscellaneous	1,530	8,400	9,930
Capital Outlay	(134)	-	(134)
Redemption of Principal	(17,297)	-	(17,297)
Interest and Other Fiscal Charges	(4,621)	-	(4,621)
Other Financing Sources	82	-	82
Total Non-Operating Cash Receipts/(Disbursements)	<u>(16,134)</u>	<u>8,400</u>	<u>(7,734)</u>
Excess of Cash Receipts Over/(Under) Cash Disbursements Before Interfund Transfers	34,048	(2,227)	31,821
Transfer-In	<u>1,020</u>	<u>-</u>	<u>1,020</u>
Net Receipts Over/(Under) Cash Disbursements	35,068	(2,227)	32,841
Fund Cash Balances, January 1	<u>141,147</u>	<u>2,718</u>	<u>143,865</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$ 176,215</u></b>	<b><u>\$ 491</u></b>	<b><u>\$ 176,706</u></b>
Reserve for Encumbrances, December 31	<u>\$ 21</u>	<u>\$ -</u>	<u>\$ 21</u>

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

**WASHINGTON TOWNSHIP  
COSHOCOTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Warsaw, Coshocton County, Ohio (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 and provides general governmental services, street construction and maintenance, water and sewer utility services, 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.

**Change in Basis of Accounting**

During the last audit period the Village implemented the cash basis of accounting. The fund financial statements presented each major fund in a separate column with non-major funds aggregated and presented in a single column, rather than a column for each fund type. This audit period the Village has elected to report fund financial statements by fund type using the regular basis of accounting as prescribed by the Auditor of State's office.

**C. Cash**

The Village values Certificates of Deposit at cost.

**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:

**VILLAGE OF WARSAW  
COSHOCOTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

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

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds (Continued)**

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

Cemetery Fund – This fund receives interest and money from sales of plots for maintaining its cemeteries.

Parks and Recreation Funds - These funds receive money from pool admissions and passes, and rental of the park facilities. The Village park and pool is operated and maintained using these monies.

**3. Permanent Funds (Trust 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. The Village had the following significant Permanent Fund: Cemetery Endowment Fund.

**4. 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.

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

The Village's sole Agency fund was established as a Healthcare Reimbursement Fund.

**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, and 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. Appropriations lapse at year-end.

**VILLAGE OF WARSAW  
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**E. Budgetary Process (Continued)**

**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 commitments are made. Encumbrances outstanding at year-end are carried over, and need not be re-appropriated.

A summary of 2008 and 2007 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

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

**2. EQUITY IN POOLED CASH**

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

	2008	2007
Demand Deposits	\$ 150,742	\$ 154,679
Certificates of Deposit	202,068	157,087
Total Deposits	\$ 352,810	\$ 311,766

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2008 and 2007 follows:

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 106,629	\$ 104,804	\$ (1,825)
Special Revenue	179,877	164,469	(15,408)
Permanent	1,212	1,060	(152)
Enterprise	197,329	196,087	(1,242)
Agency	10,080	9,000	(1,080)
Total	\$ 495,127	\$ 475,420	\$ (19,707)

**VILLAGE OF WARSAW  
COSHOCOTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 154,314	\$ 104,674	\$ 49,640
Special Revenue	230,248	140,785	89,463
Permanent	32,567	4,000	28,567
Enterprise	373,522	175,457	198,065
Agency	9,491	9,491	0
Total	\$ 800,142	\$ 434,407	\$ 365,735

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 130,819	\$ 106,618	\$ (24,201)
Special Revenue	176,364	168,051	(8,313)
Permanent	1,212	1,701	489
Enterprise	193,365	197,999	4,634
Agency	8,400	8,400	0
Total	\$ 510,160	\$ 274,669	\$ (27,391)

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 160,550	\$ 101,155	\$ 59,395
Special Revenue	196,170	138,498	57,672
Permanent	2,400	2,244	156
Enterprise	304,758	162,952	141,806
Agency	11,118	10,627	491
Total	\$ 674,996	\$ 415,476	\$ 259,520

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Board of Trustees. 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.

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.

**VILLAGE OF WARSAW  
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**5. DEBT**

The Village's debt activity for the years ended December 31, 2007 and 2008 was as follows:

		<b>Principal Outstanding 12/31/06</b>	<b>Add</b>	<b>Deductions</b>	<b>Principal Outstanding 12/31/07</b>	<b>Add</b>	<b>Deductions</b>	<b>Principal Outstanding 12/31/08</b>
<b>Governmental Activities:</b>								
Ohio Heritage	2004 Truck Loan – 3.45%	\$8,634	\$ -	\$3,944	\$4,690	\$ -	\$4,072	\$618
Chase	1999 Post Office Building Loan – 4.75%	\$13,502	\$ -	\$7,683	\$5,820	\$ -	\$5,254	\$566
Chase	2005 Street Paving Bond – 4.25%	<u>\$24,062</u>	<u>\$ -</u>	<u>\$5,491</u>	<u>\$18,571</u>	<u>\$ -</u>	<u>\$5,885</u>	<u>\$12,686</u>
<b>Total Governmental Activities:</b>		<u>\$46,198</u>	<u>\$ -</u>	<u>\$17,118</u>	<u>\$29,081</u>	<u>\$ -</u>	<u>\$15,211</u>	<u>\$13,870</u>
<b>Business-Type Activities:</b>								
Chase	1999 Sanitary Sewer Loan – 4.75%	<u>\$89,405</u>	<u>\$ -</u>	<u>\$10,888</u>	<u>\$78,517</u>	<u>\$ -</u>	<u>\$11,696</u>	<u>\$66,821</u>

The Truck Loan is with Ohio Heritage, due February 2009 with interest at 3.45%. The minimum payment is \$347 per month. This was used to purchase a 2001 truck.

The Post Office Loan is with Chase, due March 2009 with interest of 4.75%. The minimum payment is \$229 per month. This was used to purchase the old Village post office.

The Street Paving bond in the amount of \$29,476 issued in 2005 has five annual payments of \$6,668 that will be made from the Resurfacing Fund and Street Construction Maintenance and Repair fund.

The Sanitary Sewer Loan is with Chase, due February 2015 with interest of 4.75%. The minimum payment is \$1,073 per month. This was used to perform sewer projects.

The general obligation bonds are supported by the full faith and credit of the Village and are payable from unvoted property tax receipts to the extent that other resources are not available to meet annual principal and interest payments.

The prior audit report outstanding balance as of December 31, 2006 was misstated for the Post Office Loan with Chase. The corrected outstanding balance of \$13,502 is reflected above.



**VILLAGE OF WARSAW  
COSHOCTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**5. DEBT (Continued)**

The following is a summary of the Village's future annual debt service requirements (principal and interest):

Year	Truck Loan	PO Building	Street Paving Bonds	Sanitary Sewer Loan	Total
2009	\$640	\$569	\$6,668	\$12,877	\$20,732
2010			6,667	12,877	19,544
2011				12,877	12,877
2012				12,877	12,877
2013				12,877	12,877
2014-2015				14,042	14,042
Totals	\$618	\$569	\$13,335	\$78,427	\$92,949

The Ohio Revised Code provides that net general obligation debt of the Village, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Village. The Revised Code further provides that total voted and unvoted net debt of the Village less the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation.

**6. LEASES**

The Village made \$6,409 of principal lease payments for equipment used for the Water Well Improvements Project in 2007 and \$6,250 in principal payments in 2008. The Water Well Improvements Project has been paid off as of December 31, 2008. Principal lease payments for the John Deere tractor were \$2,440 in 2007 and \$2,576 in 2008. Future lease payments including interest are as follows (*next three years principal and interest*):

Year	John Deere Tractor
2009	\$2,989
2010	2,989
2011	498
Total	\$6,476

**7. RETIREMENT SYSTEMS**

The Village's Mayor, Fiscal Officer, and employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multi-employer plan. This plan provides retirement benefits, including post retirement 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 2008 and 2007, members of PERS contributed 10% (2008) and 9.5% (2007) of their gross salaries. The Village contributed an amount equal to 14% (2008) and 13.85% (2007) of participants' gross salaries. The Village has paid all contributions required through December 31, 2008.

**VILLAGE OF WARSAW  
COSHOCKTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2008 AND 2007  
(Continued)**

**8. RISK MANAGEMENT**

The Village has obtained commercial insurance for the following risks:

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

**9. TRANSFERS**

The Village transferred \$1,044 from the Cemetery Endowment Fund to the Cemetery Fund in 2007 to cover Cemetery expenses. This transfer was determined to be appropriate and in compliance with Ohio Revised Code Section 5705.14.

***Perry & Associates***  
Certified Public Accountants, A.C.

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

June 3, 2009

Village of Warsaw  
Coshocton County  
322 Mill Street  
P.O. Box 399  
Warsaw, Ohio 43844

To the Village Council:

We have audited the financial statements of the **Village of Warsaw, Coshocton County, Ohio** (the Village) as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated June 3, 2009, 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 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 as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine 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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be considered significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

### **Internal Control over Financial Reporting (Continued)**

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2008-001 through 2008-002.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Village's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe the following significant deficiency described above is a material weakness: 2008-001.

### **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 no instances of noncompliance or other matters that we must report under *Government Auditing Standard*.

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

Respectfully Submitted,



**Perry and Associates**  
Certified Public Accountants, A.C.

**VILLAGE OF WARSAW  
COSHOCOTON COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
DECEMBER 31, 2008 and 2007**

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

**FINDING NUMBER 2008-001**

**Significant Deficiency/Material Weakness**

**Accounting for Receipts and Expenditures**

Monitoring controls are procedures and supervisory activities performed by management to help ensure that management's objectives are being achieved, including the objective of assuring accurate and reliable financial reports for external reporting purposes. Effective monitoring controls should enable management to identify misclassifications, errors, and omissions in financial reports.

The Fiscal Officer did not accurately post all receipts and expenditures to the Village's accounting ledgers. The following posting errors were noted:

- Debt payments were posted to various other line items and entirely to interest rather than principal/interest payments.
- Taxes and intergovernmental receipts were posted to wrong line items.
- Royalty income was posted to Charges for Services rather than Miscellaneous.

To help ensure accuracy and reliability in the financial reporting process, we recommend that management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues and expenditures are properly identified and classified on the financial statements.

We also recommend the Fiscal Officer refer to the Village Handbook for guidance to determine the proper classification of receipts and expenditures.

**Management's Response** – We did not receive a response from officials to this finding.

**FINDING NUMBER 2008-002**

**Significant Deficiency**

**Approval of Timesheets**

During our testing of payroll, evidence could not be found to indicate that all employee timesheets were reviewed and approved by a supervisor or by Village's Council prior to submission and payment. This condition could result in employees being inaccurately paid.

We recommend that all employee payroll timesheets be reviewed and approved by a supervisor and/or Council prior to payment being issued. This approval should be indicated by the supervisor/Council initialing the timesheet.

**Management's Response** – We did not receive a response from officials to this finding.

**VILLAGE OF WARSAW  
COSHOCTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2008 AND 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2006-001	Monitoring of delinquent water and sewer accounts.	Yes	Corrected
2006-002	Monitoring Adjustments to water and sewer accounts.	Yes	Corrected
2006-003	Perform regular reconciliations of investment balances.	Yes	Corrected
2006-004	Posting of receipts and disbursements to the proper account codes.	No	Not Corrected – Repeated as Finding 2008-001
2006-005	Monitoring of Pool Receipts.	Yes	Corrected



Mary Taylor, CPA  
Auditor of State

VILLAGE OF WARSAW

COSHOCTON 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 30, 2009