



Mary Taylor, CPA
Auditor of State

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VILLAGE OF WINTERSVILLE
JEFFERSON COUNTY

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Mary Taylor, CPA
Auditor of State

Village of Wintersville
Jefferson County
200 Grove Street
Wintersville, Ohio 43953

To 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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Auditor of State

September 8, 2010

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of Wintersville
Jefferson County
200 Grove Street
Wintersville, Ohio 43953

To Village Council:

We have audited the accompanying financial statements of Village of Wintersville, Jefferson 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 audit.

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

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

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 Wintersville, Jefferson 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 September 8, 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 audit.

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

Mary Taylor, CPA
Auditor of State

September 8, 2010

VILLAGE OF WINTERSVILLE
JEFFERSON 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>	<u>Debt Service</u>	<u>Capital Projects</u>	
Cash Receipts:					
Property and Local Taxes	\$179,124	\$329,498			\$508,622
Municipal Income Tax	824,456				824,456
Intergovernmental	214,711	272,058		\$106,840	593,609
Special Assessments		9,773			9,773
Charges for Services	49,134				49,134
Fines, Licenses and Permits	82,247	10,490			92,737
Earnings on Investments	9,407	189			9,596
Miscellaneous	9,064	8,137			17,201
Total Cash Receipts	1,368,143	630,145		106,840	2,105,128
Cash Disbursements:					
Current:					
Security of Persons and Property	554,309	405,711			960,020
Public Health Services	11,319				11,319
Leisure Time Activities	31,853				31,853
Community Environment	6,242				6,242
Transportation	383,233	296,028		106,840	786,101
General Government	329,072	480			329,552
Debt Service:					
Redemption of Principal			\$19,401		19,401
Interest and Fiscal Charges		45,520	10,867		56,387
Capital Outlay		13,507			13,507
Total Cash Disbursements	1,316,028	761,246	30,268	106,840	2,214,382
Total Receipts Over/(Under) Disbursements	52,115	(131,101)	(30,268)		(109,254)
Other Financing Receipts / (Disbursements):					
Transfers-In	172	49,567	30,508		80,247
Transfers-Out	(80,075)	(172)			(80,247)
Other Financing Sources		2,500			2,500
Total Other Financing Receipts / (Disbursements)	(79,903)	51,895	30,508		2,500
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(27,788)	(79,206)	240		(106,754)
Fund Cash Balances, January 1	533,101	277,913	1,555		812,569
Fund Cash Balances, December 31	\$505,313	\$198,707	\$1,795		\$705,815

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

**VILLAGE OF WINTERSVILLE
JEFFERSON 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 Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$2,234,958		\$2,234,958
Fines, Licenses and Permits		\$105,335	105,335
Total Operating Cash Receipts	<u>2,234,958</u>	<u>105,335</u>	<u>2,340,293</u>
Operating Cash Disbursements:			
Personal Services	326,403		326,403
Employee Fringe Benefits	167,359		167,359
Contractual Services	768,590		768,590
Supplies and Materials	206,681		206,681
Other	39,846	105,335	145,181
Total Operating Cash Disbursements	<u>1,508,879</u>	<u>105,335</u>	<u>1,614,214</u>
Operating Income/(Loss)	<u>726,079</u>		<u>726,079</u>
Non-Operating Cash Receipts:			
Miscellaneous Receipts	24,747		24,747
Total Non-Operating Cash Receipts	<u>24,747</u>		<u>24,747</u>
Non-Operating Cash Disbursements:			
Capital Outlay	139,061		139,061
Redemption of Principal	525,339		525,339
Interest and Other Fiscal Charges	81,260		81,260
Total Non-Operating Cash Disbursements	<u>745,660</u>		<u>745,660</u>
Net Receipts Over/(Under) Disbursements	5,166		5,166
Fund Cash Balances, January 1	<u>710,269</u>		<u>710,269</u>
Fund Cash Balances, December 31	<u>\$715,435</u>		<u>\$715,435</u>

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

VILLAGE OF WINTERSVILLE
JEFFERSON 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**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Property and Local Taxes	\$180,191	\$333,423			\$513,614
Municipal Income Tax	809,927				809,927
Intergovernmental	127,462	276,171		\$200,703	604,336
Special Assessments		46,990			46,990
Charges for Services	44,527				44,527
Fines, Licenses and Permits	85,531	9,339			94,870
Earnings on Investments		2,012			38,573
Miscellaneous	37,982	4,464			42,446
Total Cash Receipts	1,322,181	672,399		200,703	2,195,283
Cash Disbursements:					
Current:					
Security of Persons and Property	573,647	384,795			958,442
Public Health Services	11,276				11,276
Leisure Time Activities	24,970	11,973			36,943
Community Environment	6,936				6,936
Transportation	507,306	259,853		300,703	1,067,862
General Government	334,718	313			335,031
Debt Service:					
Redemption of Principal			\$19,840		19,840
Interest and Fiscal Charges		35,841	12,998		48,839
Capital Outlay		14,471			14,471
Total Cash Disbursements	1,458,853	707,246	32,838	300,703	2,499,640
Total Receipts Over/(Under) Disbursements	(136,672)	(34,847)	(32,838)	(100,000)	(304,357)
Other Financing Receipts / (Disbursements):					
Proceeds from Sale of Public Debt:					
Other Debt Proceeds				100,000	100,000
Transfers-In		78,800	30,200		109,000
Transfers-Out	(109,000)				(109,000)
Total Other Financing Receipts / (Disbursements)	(109,000)	78,800	30,200	100,000	100,000
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(245,672)	43,953	(2,638)		(204,357)
Fund Cash Balances, January 1	778,773	233,960	4,193		1,016,926
Fund Cash Balances, December 31	\$533,101	\$277,913	\$1,555		\$812,569

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

**VILLAGE OF WINTERSVILLE
JEFFERSON 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, 2008**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$2,276,205		\$2,276,205
Fines, Licenses and Permits		\$102,907	102,907
Total Operating Cash Receipts	<u>2,276,205</u>	<u>102,907</u>	<u>2,379,112</u>
Operating Cash Disbursements:			
Personal Services	351,351		351,351
Employee Fringe Benefits	186,666		186,666
Contractual Services	832,323		832,323
Supplies and Materials	215,147		215,147
Other	5,047	102,907	107,954
Total Operating Cash Disbursements	<u>1,590,534</u>	<u>\$102,907</u>	<u>1,693,441</u>
Operating Income/(Loss)	<u>685,671</u>		<u>685,671</u>
Non-Operating Cash Receipts:			
Miscellaneous Receipts	9,413		9,413
Other Non-Operating Cash Receipts	8,435		8,435
Total Non-Operating Cash Receipts	<u>17,848</u>		<u>17,848</u>
Non-Operating Cash Disbursements:			
Capital Outlay	211,898		211,898
Redemption of Principal	475,965		475,965
Interest and Other Fiscal Charges	104,771		104,771
Total Non-Operating Cash Disbursements	<u>792,634</u>		<u>792,634</u>
Net Receipts Over/(Under) Disbursements	(89,115)		(89,115)
Fund Cash Balances, January 1	<u>799,384</u>		<u>799,384</u>
Fund Cash Balances, December 31	<u><u>\$710,269</u></u>		<u><u>\$710,269</u></u>

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

**VILLAGE OF WINTERSVILLE
JEFFERSON 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 Wintersville, Jefferson County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water, sewer, and sanitation utilities, police services, and general government services. The Village contracts with the Wintersville Volunteer Fire Department for fire protection services.

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 deposits 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 (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

**VILLAGE OF WINTERSVILLE
JEFFERSON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

Fire Levy Fund – This fund receives levy monies to provide fire protection.

3. Debt Service Funds

These funds account for resources the Village accumulates to pay bond and note debt. The Village had the following significant Debt Service Fund:

Bond Debt Service Fund – This fund accumulates monies for the repayment of bonded debt.

4. Capital Project Funds

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

Ohio Public Works Commission Grant Fund – This fund receives grant proceeds for Village paving projects.

5. Enterprise Funds

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

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

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

Sanitation Fund - This fund receives charges for services from residents to cover sanitation service costs.

Ohio Water Development Association Loan Fund - This fund receives charges for services from residents to repay debt.

6. 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 WINTERSVILLE
JEFFERSON COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (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 Magistrate Court activity.

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 function 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 cancelled and reappropriated in the subsequent year. The Village did not encumber all commitments required by Ohio law.

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.

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

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

**VILLAGE OF WINTERSVILLE
JEFFERSON COUNTY**

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

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS - (Continued)

	2009	2008
Demand deposits	\$1,321,250	\$1,322,838
Certificates of deposit	100,000	200,000
Total deposits	\$1,421,250	\$1,522,838

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

3. BUDGETARY ACTIVITY

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

2009 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,814,090	\$1,368,315	(\$445,775)
Special Revenue	990,237	682,212	(308,025)
Debt Service	30,508	30,508	0
Capital Projects	106,840	106,840	0
Enterprise	2,280,455	2,259,705	(20,750)
Total	\$5,222,130	\$4,447,580	(\$774,550)

2009 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,828,090	\$1,396,103	\$431,987
Special Revenue	1,243,772	761,418	482,354
Debt Service	32,527	30,268	2,259
Capital Projects		106,840	(106,840)
Enterprise	2,925,050	2,254,539	670,511
Total	\$6,029,439	\$4,549,168	\$1,480,271

2008 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,341,482	\$1,322,181	(\$19,301)
Special Revenue	803,899	751,199	(52,700)
Debt Service	30,200	30,200	0
Capital Projects	300,703	300,703	0
Enterprise	2,292,553	2,294,053	1,500
Total	\$4,768,837	\$4,698,336	(\$70,501)

**VILLAGE OF WINTERSVILLE
JEFFERSON 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	\$2,157,521	\$1,567,853	\$589,668
Special Revenue	997,797	707,246	290,551
Debt Service	32,838	32,838	0
Capital Projects	305,703	300,703	5,000
Enterprise	3,064,477	2,383,168	681,309
Total	\$6,558,336	\$4,991,808	\$1,566,528

Contrary to Ohio Revised Code Section 5705.41(B), budgetary expenditures exceeded appropriation authority in the following funds for the year ended December 31, 2009:

Fund	Appropriations	Expenditures	Variance
Community Development Block Grant	\$1,323	\$3,823	(\$2,500)
Sam's Way Special Assessment	\$35,800	\$44,908	(\$9,108)
Ohio Public Works Commission	\$0	\$106,840	(\$106,840)

Contrary to Ohio Revised Code Section 5705.39, appropriations exceeded total estimated resources and total actual resources in the following fund for the years ended December 31, 2009 and 2008:

2009

Fund	Estimated Resources	Appropriations	Variance
Permissive Motor Vehicle License Tax	\$23,018	\$25,200	(\$2,182)
Police Levy	\$108,557	\$118,180	(\$9,623)
Recreation	\$173	\$10,172	(\$9,999)
Nature Works	\$0	\$10,000	(\$10,000)
Sewer Replacement & Improvement	\$71,886	\$185,000	(\$113,114)

2008

Fund	Estimated Resources	Appropriations	Variance
Street Construction, Maintenance & Repair	\$337,285	\$357,750	(\$20,465)
State Highway	\$34,081	\$52,000	(\$17,919)
Permissive Motor Vehicle License Tax	\$25,120	\$28,300	(\$3,180)
Recreation	\$12,145	\$14,441	(\$2,296)
Sewer Replacement & Improvement	\$181,679	\$217,000	(\$35,321)

**VILLAGE OF WINTERSVILLE
JEFFERSON COUNTY**

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

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.

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 1% percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

6. DEBT

Debt outstanding at December 31, 2009 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan #2587	\$353,358	5.00%
Ohio Water Development Authority Loan #2588	\$499,278	5.20%
General Obligation Bonds	\$435,500	4.60% - 5.87%
Building Construction Note	\$35,863	4.67%
Sam's Way Note	\$121,029	4.32%
Special Assessment Bond	\$120,000	4.60%
Ohio Public Works Commission Loan #CT32J	\$90,000	0.00%
Chase Equipment Loan	94,845	4.20%
Total	\$1,749,873	

The Ohio Water Development Authority Loans (OWDA) relate to water and sewer plant expansion projects that were mandated by the Ohio Environmental Protection Agency. The loans will be repaid in semiannual installments over 20 years. The loans are collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The General Obligation Bonds relate to a capital facilities bond refunding issue and a street repaving project. The General Obligation bonds are collateralized by the Village's taxing authority. The Village intends to repay bonds through local income tax receipts and charges for services.

**VILLAGE OF WINTERSVILLE
JEFFERSON COUNTY**

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

6. DEBT - (Continued)

The additional bond issue was used to repave Garden Drive and install curbs. A special assessment was placed on property owners and is collected by the County Auditor through property tax collections. The Village intends to repay bonds with the special assessments collected.

The Building Construction Note relates to a new garage built to house street maintenance trucks and sanitation trucks. The Village intends to repay this note through general receipts and sanitation charges for services.

The Sam's Way Note was used to finance a paving project in a particular neighborhood. A special assessment has been placed on the property owners on the street and will be collected through property tax collections of the County Auditor.

The Ohio Public Works Commission Loan was used to finance a road paving and reconstruction project. The loan is collateralized by the Village taxing authority.

The Chase Equipment Loan was used to finance the purchase of an excavator. The loan will be repaid in annual installments over 5 years. The loan is collateralized by the Village taxing authority and the water and sewer charges for services receipts.

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

Year ending December 31:	OWDA Loans	General Obligation Bonds	Building Construction Note	Sam's Way
2010	\$524,458	\$76,726	\$14,020	\$23,329
2011	341,162	76,472	14,020	24,029
2012	157,867	76,734	14,020	24,750
2013-2017	157,867	307,437	3,624	67,257
Total	<u>\$1,181,354</u>	<u>\$537,369</u>	<u>\$45,684</u>	<u>\$139,365</u>

Year ending December 31:	Special Assessment Bond	OPWC Loan	Chase Equipment Loan
2010	\$20,520	\$5,000	\$26,252
2011	19,830	5,000	26,252
2012	19,140	5,000	26,252
2013-2017	85,350	75,000	26,252
Total	<u>\$144,840</u>	<u>\$90,000</u>	<u>\$105,008</u>

7. RETIREMENT SYSTEMS

The Village's certified 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.

**VILLAGE OF WINTERSVILLE
JEFFERSON COUNTY**

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

7. RETIREMENT SYSTEMS - (Continued)

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.

8. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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



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 Wintersville
Jefferson County
200 Grove Street
Wintersville, Ohio 43953

To Village Council:

We have audited the financial statements of Village of the Wintersville (the Village) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated September 8, 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 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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider a material weakness and another deficiency we consider to be a significant deficiency.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2009-004 described in the accompanying schedule of findings to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2009-005 described in the accompanying schedule of findings to be a significant deficiency.

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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2009-001 through 2009-003.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated September 8, 2010.

The Village's response to the findings identified in our audit is described in the accompanying schedule of findings. We did not audit the Village's response and, accordingly, we express no opinion on it.

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



Mary Taylor, CPA
Auditor of State

September 8, 2010

**VILLAGE OF WINTERSVILLE
JEFFERSON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008**

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

FINDING NUMBER 2009-001

Noncompliance Citation

Ohio Revised Code Section 5705.39 prohibits a political subdivision from making a fund appropriation in excess of the total estimated revenue available for expenditure from that fund as certified by the budget commission on the Amended Certificates of Estimated Resources.

Current appropriations exceeded the amount certified as available by the Budget Commission in the following funds:

2009

Fund	Estimated Resources	Appropriations	Variance
Permissive Motor Vehicle License Tax	\$23,018	\$25,200	(\$2,182)
Police Levy	\$108,557	\$118,180	(\$9,623)
Recreation	\$173	\$10,172	(\$9,999)
Nature Works	\$0	\$10,000	(\$10,000)
Sewer Replacement & Improvement	\$71,886	\$185,000	(\$113,114)

2008

Fund	Estimated Resources	Appropriations	Variance
Street Construction, Maintenance & Repair	\$337,285	\$357,750	(\$20,465)
State Highway	\$34,081	\$52,000	(\$17,919)
Permissive Motor Vehicle License Tax	\$25,120	\$28,300	(\$3,180)
Recreation	\$12,145	\$14,441	(\$2,296)
Sewer Replacement & Improvement	\$181,679	\$217,000	(\$ 35,321)

Failure to limit appropriations to the amount certified by the budget commission could result in overspending and negative cash balances.

The Clerk/Treasurer should compare appropriations to estimated resources and if adequate resources are available for additional appropriations, the Village should submit an amended certificate of estimated resources to the budget commission for certification. If the resources are not available to cover the appropriations, an amendment to the appropriation resolution should be passed by Village Council to reduce appropriations.

FINDING NUMBER 2009-002

Noncompliance Citation

Ohio Revised Code Section 5705.41(D) provides that no subdivision shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

FINDING NUMBER 2009-002
(Continued)

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in Sections 5705.41(D) (1) and 5705.41(D) (3), respectively of the Ohio Revised Code.

1. Then and Now Certificate – If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Village may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid. If the amount involved is less than \$3,000 the fiscal officer may authorize payment through a Then and Now Certificate without affirmation of the Village Council if such expenditure is otherwise valid.
2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not be, limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate – The Village may also make expenditures and contracts for any amount from a specific line item appropriation in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket may be outstanding a particular time for any line item appropriation.

The Village did not certify or record the amount against the applicable appropriation accounts for 84% of tested expenditures in 2008 and 100% in 2009. The Village did not properly utilize the certification exceptions described above for those expenditures lacking prior certification.

Failure to certify the availability of funds and encumber appropriations for the full amount of the expenditure could result in overspending and negative cash balances. Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, the Clerk/Treasurer should certify that the funds are or will be available prior to obligation by the Village. When prior certification is not possible, "then and now" certification should be used.

The Village should certify the full purchase amounts to which section Ohio Revised Code Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language which Ohio Revised Code Section 5705.41(D) requires for the authorization of disbursements. The Fiscal Officer should sign the certification prior to incurring a commitment, and only when the requirements of Ohio Revised Code Section 5705.41(D) are satisfied. The Clerk/Treasurer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

FINDING NUMBER 2009-003

Noncompliance Citation

Ohio Revised Code Section 5705.41(B) prohibits a subdivision from making an expenditure unless it has been properly appropriated.

Expenditures exceeded appropriations in for following funds for 2009:

Fund	Appropriations	Expenditures	Variance
Community Development Block Grant	\$1,323	\$3,823	(\$2,500)
Sam's Way Special Assessment	\$35,800	\$44,908	(\$9,108)
Ohio Public Works Commission	\$0	\$106,840	(\$106,840)

The Clerk/Treasurer should not certify the availability of funds and should deny payment requests exceeding appropriations. The Clerk/Treasurer may request Council to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

FINDING NUMBER 2009-004

Material Weakness

Receipt and Disbursement Posting

The Village did not correctly code and classify the following receipts and disbursements in 2008 and 2009, which resulted in adjustments to the financial statements. The Village also had reconciling items for 2008 and 2009 that were not explained. The Clerk/Treasurer has agreed to the adjustments and these corrected amounts are reflected in the accompanying financial statements. The adjustments have also been posted to the ledgers.

2008

FUND	ACCOUNT TYPE	AMOUNT	DESCRIPTION
Adjustments			
OPWC-Garden Drive Project	Intergovernmental revenue	\$300,703	The Issue II grant transactions and loan activity had been posted to a Special Revenue Fund rather than to a Capital Project Fund
	Transportation expenses		
General	Intergovernmental revenue	\$100,000	Revenue not posted to the ledgers
	Other debt proceeds		
General	Miscellaneous receipt	\$1,983	Interest not posted to the ledgers
General	Earnings on investments	\$416	Revenue not posted to the ledgers
Water Operating	Charges for services	\$675	Revenue not posted to the ledgers
Sewer Operating	Charges for services	\$675	Revenue not posted to the ledgers

**FINDING NUMBER 2009-004
 (Continued)**

2009

Issue II – Paving Project	Intergovernmental revenue Transportation expenses	\$106,840	The Issue II grant transactions had been posted to a Special Revenue Fund rather than to a Capital Project Fund
Police Defibrillator Grant	Intergovernmental revenue Miscellaneous revenue Security of persons expense	\$1,500 \$4,429 \$5,929	To post Police Grant and Donations held in a separate bank account to Village ledgers.
General	Earnings on investment	\$1,973	To adjust for overstatement of interest posted
General	Miscellaneous revenue	\$295	Adjusted to reconcile the book to bank balance

Failure to consistently follow a uniform chart of accounts increases the possibility that the Village will not be able to identify, assemble, analyze, classify, record, and report its transactions correctly or to document compliance with finance-related legal and contractual requirements. Failure to maintain accurate monthly reconciliations increases the risk of discrepancies and errors going undetected. This also prohibits the Village from obtaining accurate cash balances at a given date.

The Village Clerk/Treasurer should maintain the accounting system to enable the Village to identify, assemble, analyze, classify, record, and report all transactions and to maintain accountability. The Village Fiscal Officer should record and report all transactions including all monies collected under the color of office in order to maintain accountability. The Village Clerk/Treasurer should also prepare accurate monthly reconciliations with a complete explanation of all reconciling items. In addition, the Village should adopt procedures for the review of posted of transactions, subsequent posting to the financial statements and monthly reconciliations.

FINDING NUMBER 2009-005

Significant Deficiency

Posting Appropriations and Estimated Resources:

The Clerk/Treasurer did not accurately post the amounts of appropriations approved by the Board of Trustees or the amounts of estimated resources as certified by the budget commission. The amounts posted in error are in the table below.

Year	Amount Certified by Budget Commission	Estimated Resources Posted to the Ledger	Variance
2008	\$4,871,744	\$6,780,039	\$1,908,295
2009	\$5,342,130	\$6,174,179	\$832,049

Year	Appropriations Approved by Council	Appropriations Posted to the Ledgers	Variance
2009	\$6,143,439	\$6,280,429	\$136,990

**FINDING NUMBER 2009-005
(Continued)**

As the appropriation resolution and subsequent amendments establish the legal spending authority of the Village and the appropriation ledger provides the process by which the Village controls spending, it is necessary that the amounts appropriated by the Council are precisely stated and accurately posted to the appropriation ledger. As the original certificate and amendments establish the amounts available for expenditures in the Village and the receipt ledger provides the process by which the Village controls what is available, it is necessary that the amounts estimated by the County Budget Commission are posted accurately to the receipts ledger. Failure to accurately post the appropriations and estimated resources to the ledgers could result in overspending and negative cash balances. In addition, this could lead to inaccurate reporting of the budgetary information in the financial statements.

To effectively control the budgetary cycle and to maintain accountability over Village expenditures and revenues, the Clerk/Treasurer should post to the ledgers, on a timely basis, appropriation amounts as passed by Council and estimated resources as certified by the Budget Commission.

Officials' Response:

The Village will work with the Auditor's office to correct or improve on these issues.

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**VILLAGE OF WINTERSVILLE
JEFFERSON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009 AND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-001	ORC 5705.41 (B), failure to encumber	No	Re-issued as Finding 2009-003
2007-002	ORC 5705.39, Appropriations exceeding estimated revenue	No	Re-issued as Finding 2009-001
2007-003	AOS bulletin 2000-008, failure to post Ohio Public Works monies received	Partially	Re-Issued as Finding 2009-004
2007-004	Material Weakness – failing to post appropriations correctly to accounting system	No	Re-issued as Finding 2009-005
2007-005	Material Weakness – failure to properly code and classify receipts and disbursements	No	Re-issued as Finding 2009-004

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Mary Taylor, CPA
Auditor of State

VILLAGE OF WINTERSVILLE

JEFFERSON 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
DECEMBER 7, 2010**