



OHIO AUDITOR OF STATE
KEITH FABER



VILLAGE OF WINTERSVILLE
JEFFERSON COUNTY
DECEMBER 31, 2019

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INDEPENDENT AUDITOR'S REPORT

Village of Wintersville
Jefferson County
200 Grove Street
Wintersville, Ohio 43952

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Wintersville, Jefferson County, Ohio (the Village) as of and for the year ended December 31, 2019.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2019, and the respective changes in financial position thereof for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Village of Wintersville, Jefferson County as of December 31, 2019, for the year then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 10 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 5, 2020, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Keith Faber
Auditor of State

Columbus, Ohio

May 5, 2020

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Village of Winterville, Ohio
Jefferson County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2019

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Property and Other Local Taxes	\$193,965	\$176,498	\$370,463
Municipal Income Tax	1,103,562		1,103,562
Intergovernmental	48,710	386,550	435,260
Charges for Services	73,078	48,050	121,128
Fines, Licenses and Permits	84,182	1,215	85,397
Earnings on Investments	12,946	1,691	14,637
Miscellaneous	73,274	2,000	75,274
<i>Total Cash Receipts</i>	<u>1,589,717</u>	<u>616,004</u>	<u>2,205,721</u>
Cash Disbursements			
Current:			
Security of Persons and Property	698,314	181,716	880,030
Public Health Services	13,533		13,533
Leisure Time Activities	24,278		24,278
Community Environment	2,196		2,196
Basic Utility Services		25,000	25,000
Transportation	354,064	93,297	447,361
General Government	439,980		439,980
Capital Outlay	179,870	211,906	391,776
Debt Service:			
Principal Retirement		14,000	14,000
<i>Total Cash Disbursements</i>	<u>1,712,235</u>	<u>525,919</u>	<u>2,238,154</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(122,518)</u>	<u>90,085</u>	<u>(32,433)</u>
Other Financing Receipts (Disbursements)			
Other Debt Proceeds		90,000	90,000
Transfers In		4,500	4,500
Transfers Out	(11,300)		(11,300)
Advances In	117		117
Advances Out	(117)		(117)
Other Financing Sources		240	240
Other Financing Uses	(18,600)	(200)	(18,800)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(29,900)</u>	<u>94,540</u>	<u>64,640</u>
Special Item	1,333		1,333
<i>Net Change in Fund Cash Balances</i>	<u>(151,085)</u>	<u>184,625</u>	<u>33,540</u>
<i>Fund Cash Balances, January 1</i>	<u>301,471</u>	<u>203,725</u>	<u>505,196</u>
Fund Cash Balances, December 31			
Restricted	0	385,633	385,633
Committed	0	2,717	2,717
Unassigned (Deficit)	150,386	0	150,386
<i>Fund Cash Balances, December 31</i>	<u>\$150,386</u>	<u>\$388,350</u>	<u>\$538,736</u>

See accompanying notes to the basic financial statements

Village of Wintersville, Ohio
Jefferson County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Proprietary and Fiduciary Fund Types
For the Year Ended December 31, 2019

	Proprietary Fund Types	Fiduciary Fund Type	Totals
	Enterprise	Custodial	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$2,389,664		\$2,389,664
Fines, Licenses and Permits		\$106,550	106,550
<i>Total Operating Cash Receipts</i>	<u>2,389,664</u>	<u>106,550</u>	<u>2,496,214</u>
Operating Cash Disbursements			
Personal Services	438,249		438,249
Employee Fringe Benefits	219,295		219,295
Contractual Services	925,193		925,193
Supplies and Materials	321,047		321,047
Other		106,550	106,550
<i>Total Operating Cash Disbursements</i>	<u>1,903,784</u>	<u>106,550</u>	<u>2,010,334</u>
<i>Operating Income (Loss)</i>	<u>485,880</u>	<u>0</u>	<u>485,880</u>
Non-Operating Receipts (Disbursements)			
Other Debt Proceeds	410,299		410,299
Miscellaneous Receipts	2,001		2,001
Capital Outlay	(518,529)		(518,529)
Principal Retirement	(410,794)		(410,794)
Interest and Other Fiscal Charges	(51,184)		(51,184)
Other Financing Sources	42,706		42,706
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(525,501)</u>	<u>0</u>	<u>(525,501)</u>
<i>Income (Loss) before Transfers and Advances</i>	<u>(39,621)</u>	<u>0</u>	<u>(39,621)</u>
Transfers In	6,800		6,800
Advances In	117		117
Advances Out	(117)		(117)
<i>Net Change in Fund Cash Balances</i>	<u>(32,821)</u>	<u>0</u>	<u>(32,821)</u>
<i>Fund Cash Balances, January 1</i>	<u>1,496,998</u>	<u>1,688</u>	<u>1,498,686</u>
<i>Fund Cash Balances, December 31</i>	<u>\$1,464,177</u>	<u>\$1,688</u>	<u>\$1,465,865</u>

See accompanying notes to the basic financial statements

Village of Wintersville, Ohio
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 – Reporting Entity

The Village of Wintersville (the Village), Jefferson County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly-elected six-member Council directs the Village. The Mayor is elected to a four-year term and votes only to break a tie. The Village provides police protection, park operations, building inspections, street maintenance and repairs, water and sewer utilities. The Village contracts with Wintersville Volunteer Fire Department to receive fire protection services.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below.

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

Street Construction Maintenance and Repair The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

OPWC Beechwood Fund This fund accounts for OPWC provided financial assistance in the amount of \$180,000. CT54 is a \$90,000 grant and CT55V is a \$90,000 loan for ten years commencing January 2, 2020 with semiannual payments.

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 The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

Sewer Fund The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

Village of Wintersville, Ohio
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Fiduciary Funds Fiduciary funds include private purpose trust funds and custodial 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.

Custodial Funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial fund accounts for Magistrate Court fines, bond and waivers.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

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

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

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 approve estimated resources.

Encumbrances The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are carried over, and need not be reappropriated.

A summary of 2019 budgetary activity appears in Note 3.

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.

Accumulated Leave

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

Village of Wintersville, Ohio
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Note 3 – Budgetary Activity

Budgetary activity for the year ending 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,061,244	\$1,591,167	(\$470,077)
Special Revenue	2,681,319	710,744	(1,970,575)
Enterprise	3,835,609	2,851,587	(984,022)
Fiduciary	115,158	106,550	(8,608)
Total	\$8,693,330	\$5,260,048	(\$3,433,282)

Village of Wintersville, Ohio
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2019

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,009,961	\$1,745,273	\$264,688
Special Revenue	3,618,266	526,408	3,091,858
Enterprise	3,821,659	2,886,249	935,410
Fiduciary	118,500	106,550	11,950
Total	\$9,568,386	\$5,264,480	\$4,303,906

Note 4 – Deposits and Investments

The Village maintains a deposits 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:

	2019
Demand deposits	\$1,650,965
Certificates of deposit	250,000
Other time deposits (savings and NOW accounts)	103,635
Total deposits	2,004,600

Deposits

Deposits are insured by the Federal Deposit Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Note 5 – Taxes

Property Taxes

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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

The County is responsible for assessing property and for billing, collecting, and distributing all property taxes on behalf of the Village.

Village of Wintersville, Ohio
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Income Taxes

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 Regional Income Tax Agency either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

Note 6 – Risk Management

Workers' Compensation

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2019.

Ohio Police and Fire Retirement System

Village's certified full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2019.

Village of Wintersville, Ohio
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2019. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019 OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Note 9 – Debt

Debt outstanding at December 31, 2019, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Public Works Commission Loan CT32J	\$40,000	0.00%
Ohio Public Works Commission Loan CN40M	\$22,937	0.00%
Ohio Public Works Commission Loan CT46O	\$350,000	0.00%
Ohio Public Works Commission Loan CT71P	\$237,089	0.00%
Ohio Public Works Commission Loan CN28T	\$376,399	0.00%
Ohio Public Works Commission Loan CT55V	\$81,000	0.00%
Ohio Water Development Authority Loan 6281	\$1,623,178	1.00%
Ohio Water Development Authority Loan 6774	\$1,759,841	1.00%
Ohio Water Development Authority Loan 7434	\$182,040	1.00%
Ohio Water Development Authority Loan 7787	\$856,939	1.00%
Total	<u>\$5,529,423</u>	

Ohio Public Works Commission (OPWC) Loan CT32J was used to finance a road paving and reconstruction project. The loan is collateralized by the Village’s taxing authority.

Ohio Public Works Commission (OPWC) Loan NC40M was used to finance a Water Tank Refurbishment Project. The loan is collateralized by the Village’s taxing authority.

Ohio Public Works Commission (OPWC) Loan CT46O and Ohio Water Development Authority (OWDA) Loan 6281 were used to finance upgrades to the Villages Wastewater Treatment Plant that were mandated by the EPA. This is a multi-phase project. This was phase I of the plant upgrades. The loan is collateralized by sewer receipts. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

Ohio Public Works Commission (OPWC) Loan CT71P is being used to finance phase II of the EPA mandated improvements to the Villages Wastewater Treatment Plant for pump station improvements. The loan is collateralized by sewer receipts. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

Village of Wintersville, Ohio
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Ohio Public Works Commission (OPWC) Loan CN28T is being used to finance phase IV of the EPA mandated improvements to the Villages Wastewater Treatment Plant for pump station improvements. The first scheduled payment on this issue is July 1, 2020. The loan is collateralized by sewer receipts. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

Ohio Public Works Commission (OPWC) Loan CT55V was used to finance a road paving and reconstruction project. The loan is collateralized by the Village's taxing authority.

Ohio Water Development Authority (OWDA) Loan 6281 was used for the planning of phase I of the EPA mandated upgrades to the Village's Wastewater Treatment Plant. The loan is collateralized by sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

Ohio Water Development Authority (OWDA) Loan 6774 is being used for phase II of the EPA mandated improvement to the Village's Wastewater Treatment plant for pump station improvements. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. No amortization schedule is available at this time.

Ohio Water Development Authority (OWDA) Loan 7434 is being used for phase V of the EPA mandated improvement to the Village's Wastewater Treatment plant for pump station improvements. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. No amortization schedule is available at this time.

Ohio Water Development Authority (OWDA) Loan 7787 is being used for phase IV of the EPA mandated improvement to the Village's Wastewater Treatment plant for pump station improvements. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. The Village is still receiving loan proceeds in 2018. No amortization schedule is available at this time.

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Village of Wintersville, Ohio
Jefferson County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Amortization

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

Year Ending December 31:	OPWC CT32J	OPWC CN40M	OPWC CT46O	OPWC CT71P
2020	\$5,000	\$2,184	\$25,000	\$13,946
2021	\$5,000	\$2,184	\$25,000	\$13,946
2022	\$5,000	\$2,184	\$25,000	\$13,946
2023	\$5,000	\$2,184	\$25,000	\$13,946
2024	\$5,000	\$2,184	\$25,000	\$13,946
2025-2029	15,000	10,920	125,000	69,732
2030-2034		1,097	100,000	97,627
2035-2039				
2040-2044				
2045-2049				
Total	<u>\$40,000</u>	<u>\$22,937</u>	<u>\$350,000</u>	<u>\$237,089</u>

Year Ending December 31	OPWC CN28T	OWDA 6281	OPWC CT55V
2020	\$12,759	\$124,536	\$9,000
2021	\$12,759	\$124,536	\$9,000
2022	\$12,760	\$124,536	\$9,000
2023	\$12,759	\$124,536	\$9,000
2024	\$12,759	\$124,536	\$9,000
2025-2029	63,797	622,678	36,000
2030-2034	63,796	498,143	
2035-2039	63,797		
2040-2044	63,796		
2045-2049	57,417		
Total	<u>\$376,399</u>	<u>\$1,743,501</u>	<u>\$81,000</u>

Note 10 – Subsequent Events

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village. The impact on the Village’s future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.



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**INDEPENDENT AUDITOR'S 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 43952

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Wintersville, Jefferson County, (the Village) as of and for the year ended December 31, 2019, and the related notes to the financial statements and have issued our report thereon dated May 5, 2020 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Village.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. 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 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 internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. We consider finding 2019-001 described in the accompanying schedule of findings to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2019-002 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, opining 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 we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State

Columbus, Ohio

May 5, 2020

**VILLAGE OF WINTERSVILLE
JEFFERSON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2019**

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

FINDING NUMBER 2019-001

Material Weakness-Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The Fiscal Officer did not abide by the adopted chart of account in coding and classifying various transactions. This resulted in adjustments and reclassifications to the financial statements. The Village Fiscal Officer and management have agreed to and posted the adjustments to the Village's accounting records. The corrected amounts are reflected in the accompanying financial statements.

Adjustments:

Fund Adjusted From:	Fund Adjusted To:	Amount	Explanation
1000 - General	2011 - Street 2021 - State Highway Special Revenue	\$3,701 300	To adjust for Prior Year state and local highway funds posted to the General fund
2101 - Permissive Moto Vehicle License Special Revenue	2011 - Street 2021 - State Highway Special Revenue	4,294 348	To adjust for State Highway monies posted to the Permissive Motor Vehicle License Special Revenue fund
2011 - Street Special Revenue	2021 - State Highway Special Revenue	2,745	To adjust for State Highway share of Gas Tax posted to Street Special Revenue fund
2011 - Street Special Revenue	2101 - Permissive Motor Vehicle License Special Revenue	2,230	To adjust for Permissive Motor Vehicle License receipts posted to the Street Special Revenue Fund
	5212 - WPCLF Enterprise	193,002	To adjust for debt proceeds and corresponding capital outlay disbursement not posted to the Village books

**FINDING NUMBER 2019-001
 (Continued)**

2011 - Street 2021 - State Highway Special Revenue	2101 - Permissive Motor Vehicle License Special Revenue	10,174 1,884	To adjust for Permissive Motor Vehicle License receipts posted to Street and State Highway Special Revenue funds
2101 - Permissive Motor Vehicle License Special Revenue	2011 - Street 2021 - State Highway Special Revenue	22,763 1,846	To adjust for Auto Registration receipts that were posted to the Permissive Motor Vehicle License Special Revenue fund
2101 - Permissive Motor Vehicle License Special Revenue	1000 - General	1,309	To adjust for Local Government receipt posted to the Permissive Motor Vehicle License Special Revenue fund
5601 - Sanitation General Enterprise	5603 - Sanitation R&I Enterprise	9,775	To adjust for Sanitation charges for services receipts that should have been posted to Sanitation R&I Enterprise fund

Reclassifications:

Fund:	Reclassified To:	Explanation	Amount
1000 General	Capital Outlay Disbursement	To reclassify expenditures that were posted to Transportation	\$179,870
2061 DARE Special Revenue	Charges for Services Receipts	To reclassify receipts that were classified as Miscellaneous	40,000
2064 OPWC Beechwood Special Revenue	Capital Outlay Expense	To reclassify an OPWC disbursement that was classified as Transportation	180,000
5210 OPWC Phase IV Enterprise	Capital Outlay Disbursements	To reclassify disbursements that were classified as Contract Service	217,296
5210 OPWC Phase IV Enterprise	Debt Proceeds	To reclassify debt proceeds that were posted as intergovernmental receipts	217,296

**FINDING NUMBER 2019-001
 (Continued)**

2064 OPWC Beechwood Special Revenue	Debt Proceeds	To reclassify debt proceeds that were posted as intergovernmental revenue	90,000
2062 Knolls II Special Revenue	Capital Outlay	To reclassify capital outlay disbursements that were posted to transportation	31,906

Other mispostings were identified, however were not material and the Village decided not to make the adjustments.

Adjustments to the Financial Statement Notes include:

- Within the Summary of Significant Accounting Policies Note, the Deposits and Investments paragraph was not presented and information within this Note did not include the most current information as contained in the shell;
- The Deposits and Investments Note did not include accurate figures and did not agree to the financial statements;
- The Budgetary Activity Note did not include accurate comparison tables and figures;
- The Property Taxes Note did not include the required information as per the shell;
- The Debt Note was not included and did not report accurate ending principal balances for each loan and the amortization table was not included. In addition, a description of each debt was not included; and
- The Defined Benefits Plan and Post-Employment Benefits note was included, however, did not reflect the most current information.

The Village did not have procedures in place to record transactions properly or procedures in place to include updated disclosures.

Failure to consistently follow a uniform chart of accounts increases the possibility the Village will not be able to identify, assemble, classify, record, and report its transactions correctly or to document compliance with finance-related legal and contractual requirements.

The Fiscal Officer should maintain the accounting system to enable the Village to identify, assemble, analyze, classify, record, and report all transactions and to maintain accountability. All transactions should be properly coded and classified according to the UAN chart of accounts to help ensure that financial activity of the Village is accurately recorded and reported. In addition, the Village should review the financial statements and notes prior to report submission and ensure the most current version of the notes are used.

FINDING NUMBER 2019-002

Significant Deficiency-Budgetary Amounts Not Recorded in the Accounting System

Sound accounting practices require accurately posting estimated receipts and appropriations to the ledgers to provide information for budget versus actual comparison and to allow the Council to make informed decisions regarding budgetary matters.

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 therefore necessary the amounts appropriated by the Council are precisely stated and accurately posted to the appropriation ledger.

The original certificate and amendments establish the amounts available for expenditures for the Village and the receipts ledger provides the process by which the Village controls what is available, it is therefore necessary the amounts estimated by the County Budget Commission are posted accurately to the receipts ledger.

The following variances were identified:

Fund	Appropriations Per Resolution	Appropriations per Accounting System	Variance	Percentage
General	\$2,007,250	\$2,067,867	\$60,617	3%
Street, Maintenance and Repair Special Revenue	165,173	182,225	17,052	10%
Fund	Estimated Receipt per Certificate	Estimated Receipts per Accounting System	Variance	Percentage
General	\$2,061,244	\$2,058,950	\$2,294	.11%

The variance in the Street Maintenance and Repair Special Revenue Fund of \$17,052 is significant to the financial statements and the financial statements have been adjusted.

The Village did not have procedures in place to accurately post authorized budgetary measures to the accounting system. The appropriations (and/or amendments thereof) approved by the Council were not properly posted to the accounting system. Additionally, the approved Certificate of Estimated Resources (and/or amendments thereof) was not posted to the accounting system.

Failure to accurately post the appropriations and estimated resources to the ledgers could result in overspending and negative cash balances.

To effectively control the budgetary cycle and to maintain accountability over receipts and expenditures, the Village should post to the ledgers, on a timely basis, estimated resources as certified by the budget commission and appropriations approved by the Council. The Village should then monitor budget versus actual reports to help ensure amended certificates of resources and appropriations have been properly posted to the ledgers.

Officials' Response: We did not receive a response from Officials to the findings reported above.

Village of Wintersville
 Office of the Administrator
 Municipal Complex, 200 Grove Street
 Wintersville, Ohio 43953

Phone: (740) 266-3175

Fax: (740) 266-3176

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
 DECEMBER 31, 2019**

Finding Number	Finding Summary	Status	Additional Information
2017-002	Material Weakness- Budgetary Measures	Not Corrected	Re-Issued as Finding 2019-002
2017-003	Material Weakness- Accurate Posting of Transactions	Not Corrected	Re-Issued as Finding 2019-001
2017-004	Significant Deficiency- Cash Reconciliation Process Errors	Fully Corrected	
2018-001	Non-Compliance Ohio Rev. Code § 5705.41(B) Disbursements Exceeded Appropriations	Fully Corrected	

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OHIO AUDITOR OF STATE KEITH FABER



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
JUNE 2, 2020**