



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**VILLAGE OF WINDHAM  
TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Report of Independent Accountants .....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 1999 .....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – Enterprise Funds For the Year Ended December 31, 1999 .....	4
Notes to the Financial Statements .....	5
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	11

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## REPORT OF INDEPENDENT ACCOUNTANTS

Village of Windham  
Portage County  
9621 East Center Street  
Windham, Ohio 44288

To the Village Council:

We have audited the accompanying financial statements of the Village of Windham, Portage County, Ohio, (the Village) as of and for the year ended December 31, 1999. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 1999, and its combined cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 2000 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

This report is intended solely for the information and use of the management, Village Council and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro".

**Jim Petro**  
Auditor of State

June 9, 2000

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**VILLAGE OF WINDHAM  
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
 AND CHANGES IN FUND CASH BALANCES  
 ALL GOVERNMENTAL FUND TYPES  
 FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property Tax and Other Local Taxes	\$402,657	\$46,146	\$448,803
Intergovernmental Receipts	135,780	80,990	216,770
Charges for Services	27,577	19,270	46,847
Fines, Licenses, and Permits	17,969		17,969
Earnings on Investments	5,578	3,076	8,654
Miscellaneous	10,840	34,635	45,475
	<u>600,401</u>	<u>184,117</u>	<u>784,518</u>
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	371,820	139,504	511,324
Leisure Time Activities	3,515		3,515
Community Environment	4,060		4,060
Transportation	11,005	59,016	70,021
General Government	136,672	53,418	190,090
Debt Service:			
Capital Outlay	8,990	9,362	18,352
	<u>536,062</u>	<u>261,300</u>	<u>797,362</u>
Total Receipts Over/(Under) Disbursements	<u>64,339</u>	<u>(77,183)</u>	<u>(12,844)</u>
<b>Other Financing Receipts/(Disbursements):</b>			
Transfers-In		123,308	123,308
Transfers-Out	<u>(111,608)</u>	<u>(11,700)</u>	<u>(123,308)</u>
Total Other Financing Receipts/(Disbursements)	<u>(111,608)</u>	<u>111,608</u>	
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(47,269)	34,425	(12,844)
Fund Cash Balances January 1	<u>66,330</u>	<u>219,290</u>	<u>285,620</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$19,061</u></b>	<b><u>\$253,715</u></b>	<b><u>\$272,776</u></b>
Reserves for Encumbrances, December 31	<u>\$3,027</u>	<u>\$1,578</u>	<u>\$4,605</u>

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

**VILLAGE OF WINDHAM  
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
 AND CHANGES IN FUND CASH BALANCES  
 ENTERPRISE FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 1999**

	<b>Enterprise</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$488,326
Miscellaneous	8,301
	496,627
<b>Operating Cash Disbursements:</b>	
Personal Services	183,805
Fringe Benefits	63,678
Contractual Services	122,429
Supplies and Materials	114,565
Capital Outlay	21,116
	505,593
Operating Income/(Loss)	(8,966)
<b>Non-Operating Cash Receipts:</b>	
Property Tax and Other Local Taxes	213,700
Other Non-Operating Receipts	9,400
	223,100
<b>Non-Operating Cash Disbursements:</b>	
Debt Service	217,849
	217,849
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	(3,715)
Net Receipts Over/(Under) Disbursements	(3,715)
Fund Cash Balances, January 1	223,438
<b>Fund Cash Balances, December 31</b>	<b>\$219,723</b>
Reserve for Encumbrances, December 31	\$10,906

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



**VILLAGE OF WINDHAM  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Windham, Portage County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including water and sewer utilities, park operations (leisure time activities), and police services.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

The Village uses a local bank to manage its cash investments. Investments are limited to interest bearing checking and saving accounts.

**D. Fund Accounting**

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

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

*Income Tax Fund* - This fund is used to account for the operation of the income tax department.

*Motor Vehicle License Tax Fund* - this fund receives money from the Portage County Auditor for the payment of salaries, supplies and other expenses for roads.

*Community Development Revolving Loan Fund* - This fund receives payment of principal and interest which is then recycled.

**VILLAGE OF WINDHAM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999**  
**(Continued)**

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

**3. Enterprise Funds**

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

*Water Fund* - This fund receives charges for services from residents to cover the cost of providing this utility. Also, the Water Fund is used to accumulate resources for the payment of bonds and note indebtedness.

*Sewer Fund* - This fund receives charges for services from residents to cover the cost of providing this utility. Also, the Sewer Fund is used to accumulate resources for the payment of bonds and note indebtedness.

*Utility Improvement Fund* - This fund receives loan proceeds from the Ohio Water Development Authority to finance a utility plant expansion. This loan will be repaid from a utility surcharge, also accounted for in this 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 or object level of control, and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

**3. Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Village did not properly implement the encumbrance method of accounting.

A summary of 1999 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

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

**VILLAGE OF WINDHAM  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999  
(Continued)**

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

**G. Unpaid Vacation and Sick Leave**

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

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

The Village maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was \$492,498.

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ended December 31, 1999 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 741,457	\$ 600,401	\$ (141,056)
Special Revenue	625,500	307,425	(318,075)
Enterprise	858,000	719,727	(138,273)
Total	\$ 2,224,957	\$ 1,627,553	\$ (597,404)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 767,240	\$ 650,697	\$ 116,543
Special Revenue	512,085	274,578	237,507
Enterprise	914,150	734,348	179,802
Total	\$ 2,193,475	\$ 1,659,623	\$ 533,852

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

**VILLAGE OF WINDHAM  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999  
(Continued)**

**4. PROPERTY TAX (Continued)**

Public utilities are also taxed on personal and real property located within the Village.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**5. DEBT**

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan	\$ 1,466,431	2%
Mortgage Revenue Bonds	851,000	6%
Total	\$ 2,317,431	

The Ohio Water Development Authority (OWDA) loan relates to a water and sewer plant expansion project that was mandated by the Ohio Environmental Protection Agency.

The Mortgage revenue bonds are for waterworks system improvements. Property and revenue of the utility facilities have been pledged to repay these debts.

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

Year ending December 31:	OWDA Loan	Mortgage Revenue Bonds
2000	155,536	61,933
2001	155,536	62,185
2002	155,536	62,380
2003	155,536	61,518
2004	155,536	61,655
Subsequent	857,449	1,422,575
Total	\$ 1,635,129	\$ 1,732,246

**6. RETIREMENT SYSTEMS**

The Village's law enforcement officers and firefighters belong to the Police and Firemen's Disability and Pension Funds (PFDPF). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

**VILLAGE OF WINDHAM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999**  
**(Continued)**

**6. RETIREMENT SYSTEMS (Continued)**

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 members of PFDPF contributed 10% of their wages to the PFDPF. The Village contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 1999.

**7. RISK MANAGEMENT**

The Village has obtained commercial insurance for the following risks:

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

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

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Village of Windham  
Portage County  
9621 East Center Street  
Windham, Ohio 44288

To the Village Council:

We have audited the accompanying financial statements of the Village of Windham, Portage County, Ohio (the Village), as of and for the year ended December 31, 1999 and have issued our report thereon dated June 9, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated June 9, 2000.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated June 9, 2000.

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

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

**Jim Petro**  
Auditor of State

June 9, 2000





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**VILLAGE OF WINDHAM**

**PORTAGE 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  
JULY 18, 2000**