



Mary Taylor, CPA
Auditor of State

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 43953-3866

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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June 24, 2008

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of Wintersville
Jefferson County
200 Grove Street
Wintersville, Ohio 43963-0127

To Village Council:

We have audited the accompanying financial statements of the Village of Wintersville, Jefferson County, (the Village) as of and for the years ended December 31, 2007 and 2006. 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 Villages. 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, 2007 and 2006 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, 2007 and 2006, 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 and reserves for encumbrances of the Village of Wintersville, Jefferson County, as of December 31, 2007 and 2006, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2008, 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.



Mary Taylor, CPA
Auditor of State

June 24, 2008

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, 2007**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Property and Local Taxes	\$188,327	\$274,496		\$462,823
Municipal Income Tax	831,598			831,598
Intergovernmental	176,826	1,506,570		1,683,396
Charges for Services	40,785			40,785
Fines, Licenses and Permits	91,634	7,285		98,919
Earnings on Investments	96,638	1,448		98,086
Miscellaneous	18,578	1,229		19,807
	<u>1,444,386</u>	<u>1,791,028</u>		<u>3,235,414</u>
Total Cash Receipts				
	<u>1,444,386</u>	<u>1,791,028</u>		<u>3,235,414</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	496,317	360,973		857,290
Public Health Services	10,293			10,293
Leisure Time Activities	22,458	1,855		24,313
Community Environment	6,870			6,870
Transportation	348,932	932,114		1,281,046
General Government	360,282	341		360,623
Debt Service:				
Redemption of Principal		14,399	\$17,200	31,599
Interest and Fiscal Charges		10,460	13,000	23,460
Capital Outlay		728,760		728,760
	<u>1,245,152</u>	<u>2,048,902</u>	<u>30,200</u>	<u>3,324,254</u>
Total Cash Disbursements				
	<u>1,245,152</u>	<u>2,048,902</u>	<u>30,200</u>	<u>3,324,254</u>
Total Receipts Over/(Under) Disbursements	<u>199,234</u>	<u>(257,874)</u>	<u>(30,200)</u>	<u>(88,840)</u>
Other Financing Receipts / (Disbursements):				
Proceeds from Sale of Public Debt:				
Sale of Bonds		150,000		150,000
Transfers-In		82,000	31,000	113,000
Transfers-Out	(113,000)			(113,000)
Other Financing Sources	16,320			16,320
	<u>(96,680)</u>	<u>232,000</u>	<u>31,000</u>	<u>166,320</u>
Total Other Financing Receipts / (Disbursements)				
	<u>(96,680)</u>	<u>232,000</u>	<u>31,000</u>	<u>166,320</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>102,554</u>	<u>(25,874)</u>	<u>800</u>	<u>77,480</u>
Fund Cash Balances, January 1	<u>676,219</u>	<u>259,834</u>	<u>3,393</u>	<u>939,446</u>
Fund Cash Balances, December 31	<u>\$778,773</u>	<u>\$233,960</u>	<u>\$4,193</u>	<u>\$1,016,926</u>
Reserve for Encumbrances, December 31	<u>\$3,746</u>	<u>\$817</u>		<u>\$4,563</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 PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<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	\$2,285,752		\$2,285,752
Fines, Licenses and Permits		\$96,339	96,339
Total Operating Cash Receipts	<u>2,285,752</u>	<u>96,339</u>	<u>2,382,091</u>
Operating Cash Disbursements:			
Personal Services	352,160		352,160
Employee Fringe Benefits	147,902		147,902
Contractual Services	799,904		799,904
Supplies and Materials	164,069		164,069
Other	433,982	96,339	530,321
Total Operating Cash Disbursements	<u>1,898,017</u>	<u>\$96,339</u>	<u>1,994,356</u>
Operating Income/(Loss)	<u>387,735</u>		<u>387,735</u>
Non-Operating Cash Receipts:			
Miscellaneous Receipts	5,175		5,175
Other Non-Operating Cash Receipts	2,809		2,809
Total Non-Operating Cash Receipts	<u>7,984</u>		<u>7,984</u>
Non-Operating Cash Disbursements:			
Capital Outlay	52,708		52,708
Redemption of Principal	450,422		450,422
Interest and Other Fiscal Charges	126,529		126,529
Total Non-Operating Cash Disbursements	<u>629,659</u>		<u>629,659</u>
Net Receipts Over/(Under) Disbursements	(233,940)		(233,940)
Fund Cash Balances, January 1	<u>1,033,324</u>		<u>1,033,324</u>
Fund Cash Balances, December 31	<u>\$799,384</u>		<u>\$799,384</u>
Reserve for Encumbrances, December 31	<u>\$2,331</u>		<u>\$2,331</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, 2006**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Property and Local Taxes	\$184,385	\$266,294		\$450,679
Municipal Income Tax	727,662			727,662
Intergovernmental	290,406	325,937		616,343
Charges for Services	37,525			37,525
Fines, Licenses and Permits	92,148			92,148
Earnings on Investments	94,062			94,062
Miscellaneous	10,455	400		10,855
Total Cash Receipts	<u>1,436,643</u>	<u>592,631</u>		<u>2,029,274</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	505,450	346,207		851,657
Public Health Services	9,658			9,658
Leisure Time Activities	35,774	5,000		40,774
Community Environment	8,360			8,360
Transportation	290,189	264,198		554,387
General Government	285,142	362		285,504
Debt Service:				
Redemption of Principal		14,035	\$17,200	31,235
Interest and Fiscal Charges		9,654	13,149	22,803
Total Cash Disbursements	<u>1,134,573</u>	<u>639,456</u>	<u>30,349</u>	<u>1,804,378</u>
Total Receipts Over/(Under) Disbursements	<u>302,070</u>	<u>(46,825)</u>	<u>(30,349)</u>	<u>224,896</u>
Other Financing Receipts / (Disbursements):				
Sale of Fixed Assets	50,280			50,280
Transfers-In		85,222	30,200	115,422
Transfers-Out	(115,422)			(115,422)
Total Other Financing Receipts / (Disbursements)	<u>(65,142)</u>	<u>85,222</u>	<u>30,200</u>	<u>50,280</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>236,928</u>	<u>38,397</u>	<u>(149)</u>	<u>275,176</u>
Fund Cash Balances, January 1	<u>439,291</u>	<u>221,437</u>	<u>3,542</u>	<u>664,270</u>
Fund Cash Balances, December 31	<u><u>\$676,219</u></u>	<u><u>\$259,834</u></u>	<u><u>\$3,393</u></u>	<u><u>\$939,446</u></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 PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<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	\$2,234,814		\$2,234,814
Fines, Licenses and Permits		\$92,012	92,012
Total Operating Cash Receipts	<u>2,234,814</u>	<u>92,012</u>	<u>2,326,826</u>
Operating Cash Disbursements:			
Personal Services	345,058		345,058
Employee Fringe Benefits	156,928		156,928
Contractual Services	848,838		848,838
Supplies and Materials	213,344		213,344
Other	700	92,012	92,712
Total Operating Cash Disbursements	<u>1,564,868</u>	<u>\$92,012</u>	<u>1,656,880</u>
Operating Income/(Loss)	<u>669,946</u>		<u>669,946</u>
Non-Operating Cash Receipts:			
Miscellaneous Receipts	<u>20,754</u>		<u>20,754</u>
Total Non-Operating Cash Receipts	<u>20,754</u>		<u>20,754</u>
Non-Operating Cash Disbursements:			
Capital Outlay	358,724		358,724
Redemption of Principal	429,647		429,647
Interest and Other Fiscal Charges	<u>147,238</u>		<u>147,238</u>
Total Non-Operating Cash Disbursements	<u>935,609</u>		<u>935,609</u>
Net Receipts Over/(Under) Disbursements	(244,909)		(244,909)
Fund Cash Balances, January 1	<u>1,278,233</u>		<u>1,278,233</u>
Fund Cash Balances, December 31	<u>\$1,033,324</u>		<u>\$1,033,324</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, 2007 AND 2006**

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, and police services. The Village contracts with the Wintersville Volunteer Fire Department to provide 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. 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 Fund:

Ohio Public Works State Grant –Garden Drive Fund - This fund receives state grant monies to fund street repaving projects.

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:

**VILLAGE OF WINTERSVILLE
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

4. 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.

5. 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 Villages which are not available to support the Village's own programs.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other Villages. The Village disburses these funds as directed by the individual, organization or other Village. The Village's agency fund accounts for monies received and disbursed through the Magistrate's Court.

D. 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 fund 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. 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.

**VILLAGE OF WINTERSVILLE
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

3. Encumbrances

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

A summary of 2007 and 2006 budgetary activity appears in Note 3.

E. 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.

F. 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 CASH

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

	2007	2006
Demand deposits	\$1,816,310	\$1,972,770

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, 2007 and 2006 follows:

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,466,040	\$1,460,706	(\$5,334)
Special Revenue	1,545,407	2,023,028	477,621
Debt Service	31,000	31,000	0
Enterprise	2,294,430	2,293,736	(694)
Total	\$5,336,877	\$5,808,470	\$471,593

**VILLAGE OF WINTERSVILLE
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

3. BUDGETARY ACTIVITY - (Continued)

2007 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,062,216	\$1,361,898	\$700,318
Special Revenue	2,612,566	2,049,719	562,847
Debt Service	30,200	30,200	0
Enterprise	3,099,339	2,530,007	569,332
Total	<u>\$7,804,321</u>	<u>\$5,971,824</u>	<u>\$1,832,497</u>

2006 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,491,335	\$1,486,924	(\$4,411)
Special Revenue	648,609	677,853	29,244
Debt Service	30,200	30,200	0
Enterprise	2,255,571	2,255,568	(3)
Total	<u>\$4,425,715</u>	<u>\$4,450,545</u>	<u>\$24,830</u>

2006 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,668,895	\$1,249,995	\$418,900
Special Revenue	3,879,633	639,456	3,240,177
Debt Service	31,400	30,349	1,051
Enterprise	3,698,406	2,500,477	1,197,929
Total	<u>\$9,278,334</u>	<u>\$4,420,277</u>	<u>\$4,858,057</u>

Contrary to Ohio law, appropriations exceeded estimated resources in the DARE (\$2,600), Ohio Public Works (\$1,422,885), EMS Levy (\$3,139), Fire Levy (\$18,833), Police Levy (\$2,714) and the Sewer (\$50,730) Funds for the year ended December 31, 2006.

In addition, the Village failed to record \$494,625 in funds paid to Vendors on the Village's behalf.

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees 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.

**VILLAGE OF WINTERSVILLE
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

4. PROPERTY TAX - (Continued)

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, 2007 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan #2587	\$1,009,679	5.00%
Ohio Water Development Authority Loan #2588	746,793	5.20%
General Obligation Bonds	533,600	4.6% - 5.87%
Building Construction Note	64,676	4.67%
Sam's Way Note	147,985	4.32%
Special Assessment Bond	150,000	4.6%
Total	<u>\$2,652,733</u>	

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.

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.

**VILLAGE OF WINTERSVILLE
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

6. DEBT - (Continued)

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.

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 Note	Special Assessment Bond
2008	\$524,459	\$75,813	\$14,020	\$20,893	\$21,900
2009	524,459	75,558	14,020	20,893	21,210
2010	524,458	76,726	14,020	20,893	20,520
2011	341,162	76,472	14,020	20,893	19,830
2012	157,867	76,734	14,020	20,893	19,140
2013-2017	157,867	307,437	3,624	61,815	85,350
Total	<u>\$2,230,272</u>	<u>\$688,740</u>	<u>\$73,724</u>	<u>\$166,280</u>	<u>\$187,950</u>

7. RETIREMENT SYSTEMS

The Village's 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.

The Ohio Revised Code also prescribes contribution rates. For 2007 and 2006, OP&F participants contributed 10% of their wages. For 2007 and 2006, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2007 and 2006, OPERS members contributed 9.5 % and 9%, respectively, of their gross salaries and the Village contributed an amount equaling 13.85% and 13.7%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2007.

8. RISK MANAGEMENT

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 Wintersville, Jefferson County (the Village) as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated June 24, 2008 wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We 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 expressing our opinion on the financial statements, but not to opine on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

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

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

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2007-003 through 2007-005.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, we believe findings number 2007-003 through 2007-005 are also material weaknesses.

We also noted certain internal control matters that we reported to the Village's management in a separate letter dated June 24, 2008.

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 2007-001 through 2007-003.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated June 24, 2008.

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

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



Mary Taylor, CPA
Auditor of State

June 24, 2008

VILLAGE OF WINTERSVILLE
JEFFERSON COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006

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

FINDING NUMBER 2007-001

Non Compliance Citation

Ohio Revised Code Section 5705.41(D) provides that no subdivision shall make any contract of 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.

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 Council 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 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 extent beyond the current year. More than one super blanket may be outstanding at one particular time for any line item appropriation.

The Village failed to properly certify the amount against the applicable appropriation accounts for 69% of tested expenditures in 2007 and 18% of tested expenditures tested in 2006. The Village did not utilize the certification exceptions described above for those expenditures lacking prior certification.

Failure to certify the availability of funds and encumber appropriations could result in overspending in 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 received 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 purchases 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 authorizing disbursements. The Clerk/Treasurer should sign the certification at the time the Village incurs 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.

Officials' Response

To reduce down problems of purchase orders issued prior to items being ordered, the Village plans to take more advantage of using blanket purchase orders. The Village will also try to reduce ordering non emergency type items until a purchase order has been signed.

FINDING NUMBER 2007-002

Non-Compliance Citation

Ohio Revised Code Section 5705.39 states in part that the total appropriations from each fund shall not exceed the total estimated revenue. Appropriations exceeded revenue in the following funds in 2006:

Fund	Total Estimated Resources	Total Appropriations	Variance
DARE Fund	\$4,299	\$6,899	(\$2,600)
Ohio Public Works	\$77,115	\$1,500,000	(\$1,422,885)
EMS Levy	\$40,861	\$44,000	(\$3,139)
Fire Levy Fund	\$151,567	\$170,400	(\$18,833)
Police Levy Fund	\$95,736	\$98,450	(\$2,714)
Sewer Fund	\$914,564	\$965,294	(\$50,730)

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

Officials' Response

This finding was in regard to total appropriations exceeding estimated resources in 2006. The Clerk/Treasurer will review this area, particularly at the end of the year to make sure that the total appropriations approved by Council do not exceed the estimated resources submitted and certified by the County Auditor.

FINDING NUMBER 2007-003

Non Compliance Citation/Material Weakness

Chapter 5705 of the Ohio Revised Code sets forth a scheme that provides for a uniform budget and appropriation process in order to assure that a government entity expends no more than it expects to receive in revenue. In order to accomplish this, all appropriations must be accounted to and from each appropriation fund. While federal and state loans and grants are deemed appropriated and in the process of collection so as to be available for expenditure, they must still be recorded (ORC Section 5705.42). Thus, a mechanism is still required to account for receipts and expenditures. That mechanism is an amendment of, or a supplement to, the entity's estimated resources, or its appropriation measure, which shall comply with all provisions of law governing the taxing authority in making an original appropriation (ORC Section 5705.40). An original appropriation measure must be passed by the taxing authority and in any amendment of, or supplement to, that measure requires legislative action (ORC Section 5705.38).

Auditor of State Bulletin 2000-008 further requires that when a local government enters into an on-behalf-of program agreement with the State government, whereby the local government is the beneficiary under the agreement, the cash value benefit of the program received under the agreement should be recorded as memorandum receipts and disbursements in the year the on-behalf-of disbursements are made. The fiscal officer should record the appropriations with the terms and conditions of the project agreement.

In 2007 the Village received Ohio Public Works monies. The Clerk/Treasurer failed to record \$494,625 of these funds that were paid to vendors on the Villages' behalf. An adjustment was made to the accompanying financial statements to reflect the on-behalf-of receipts and disbursements in accordance with Auditor of State Bulletin 2000-008.

The Clerk/Treasurer should record the receipts and disbursements of all on-behalf-of projects with the terms and conditions of the agreement.

Officials' Response

The Village understands that state monies although not received directly to the Village must be recorded in the village records. These amounts were pointed out to you by the Clerk/Treasurer during the start of the audit. As discussed at our meeting, the Administrator will begin to give the Clerk/Treasurer's office copies of state drawdown amounts for the Clerk/Treasurer's office to check off and record as revenues and expenses in the accounting system.

FINDING NUMBER 2007-004

Significant Deficiency/Material Weakness

The Village Clerk/Treasurer did not accurately post the amounts of estimated resources as certified by the budget commission to the budgetary accounting system. Also, the Clerk/Treasurer did not accurately post the appropriations as approved by the Village Council to the budgetary accounting system. The variances are indicated below:

Year	Appropriations Approved By Council	Appropriations Posted To Ledgers	Variance
2007	\$7,804,321	\$7,599,174	\$205,147
2006	\$8,978,334	\$7,407,719	\$1,570,615

Year	Amount Certified By Budget Commission	Estimated Resources Posted To Ledgers	Variance
2007	\$5,336,876	\$7,267,959	\$1,931,083
2006	\$6,716,642	\$4,704,800	\$2,011,842

Adjustments were posted to the budgetary accounting system and are reflected in the accompanying footnotes to the financial statements.

As the original certificate and amendments establish the amounts available for expenditures in the Village and the budgetary accounting system provides the process by which the Village controls what is available, the amounts certified by the County Budget Commission should be posted accurately to the budgetary accounting system. And as the appropriation resolution and subsequent amendments establish the legal spending authority of the Village and appropriation ledger provides the process by which the Village controls spending, it is necessary that amounts appropriated by Council are precisely stated and accurately posted to the appropriation ledger.

Failure to accurately post the estimated resources and appropriations to the system could result in overspending and negative cash balances. To effectively control the budgetary cycle and to maintain accountability over Village expenditures and revenues, the Village Clerk/Treasurer should post to the ledgers, on a timely basis, estimated resources as certified by the budget commission. The Council should also monitor budgeted amounts versus actual amounts to ensure amended certificates of resources and all appropriations and amendments have been properly posted.

Officials' Response

Amounts reported in the minute record will be verified to the Village's records.

FINDING NUMBER 2007-005

Significant Deficiency/Material Weakness

Proper Classification of Disbursements

The Village did not correctly code and classify disbursements in 2007, resulting in a reclassification to the financial statements of \$234,135. The Village Clerk/Treasurer has agreed to and posted the reclassifications to the ledgers and these corrected amounts are reflected in the accompanying financial statements.

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. 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. 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 adopt procedures for the review of posting of transactions and subsequent posting to the financial statements.

Officials' Response

Although we recorded the receipt of the Garden Drive State funding in the proper fund, we acknowledge that a clerical error was made in recording the object code for expenditures to this fund. The Clerk/Treasurer's office will take more care to have the account number reviewed by the Clerk Treasurer for these types of expenditures.



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
OCTOBER 14, 2008**