



Dave Yost • Auditor of State

VILLAGE OF WINTERSVILLE
JEFFERSON COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2015	5
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Proprietary and Fiduciary Fund Types - For the Year Ended December 31, 2015	6
Notes to the Financial Statements	7
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	15
Schedule of Findings	17
Schedule of Prior Audit Findings	23

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Dave Yost • Auditor of State

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, (the Village) as of and for the year ended December 31, 2015.

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 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 1 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 opinions on this accounting basis are in the *Additional Opinion Qualification and Unmodified 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 or cash flows of the Village as of December 31, 2015, or changes in financial position thereof for the year then ended.

Basis for Additional Opinion Qualification

Fines, licenses and permits receipts, other disbursements, and beginning fund balance are reported as \$85,052; \$82,268; and deficit (\$2,784), respectively for the ended December 31, 2015 which are 100% of total Agency Fund receipts, disbursements, and beginning fund balance for the year ended December 31, 2015. We were unable to obtain sufficient appropriate audit evidence supporting these amounts. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Additional Opinion Qualification

In our opinion, except for the possible effects of the matter described in the *Basis for Additional Opinion Qualification* paragraph,, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Agency Fund of the Village of Wintersville, Jefferson County as of December 31, 2015 and its combined cash receipts and disbursements 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 1.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to about present fairly, in all material respects, the combined cash balances of the General, Special Revenue, Debt Service and Enterprise Funds of the Village of Wintersville, Jefferson county as of December 31, 2015, and its combined cash receipts and disbursements 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 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2016, 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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

October 13, 2016

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**VILLAGE OF WINTERSVILLE
JEFFERSON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$180,801	\$331,804			\$512,605
Municipal Income Tax	1,064,071				1,064,071
Intergovernmental	58,672	254,972		\$79,540	393,184
Special Assessments	0	11,110			11,110
Charges for Services	58,542	0			58,542
Fines, Licenses and Permits	60,678	6,976			67,654
Earnings on Investments	172	3			175
Miscellaneous	19,894	10,376			30,270
<i>Total Cash Receipts</i>	<u>1,442,830</u>	<u>615,241</u>	<u>0</u>	<u>79,540</u>	<u>2,137,611</u>
Cash Disbursements					
Current:					
Security of Persons and Property	597,147	475,923			1,073,070
Public Health Services	16,622				16,622
Leisure Time Activities	16,133				16,133
Community Environment	1,678				1,678
Basic Utility Services		22,000			22,000
Transportation	307,985	204,596			512,581
General Government	348,358	548			348,906
Capital Outlay				79,540	79,540
Debt Service:					
Principal Retirement		42,503	26,640		69,143
Interest and Fiscal Charges		2,684	3,348		6,032
<i>Total Cash Disbursements</i>	<u>1,287,923</u>	<u>748,254</u>	<u>29,988</u>	<u>79,540</u>	<u>2,145,705</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>154,907</u>	<u>(133,013)</u>	<u>(29,988)</u>	<u>0</u>	<u>(8,094)</u>
Other Financing Receipts (Disbursements)					
Transfers In		52,054	28,455		80,509
Transfers Out	(85,536)				(85,536)
Advances In	70,794	58,010			128,804
Advances Out	(70,794)	(58,010)			(128,804)
Other Financing Sources		8,724			8,724
Other Financing Uses	(69)				(69)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(85,605)</u>	<u>60,778</u>	<u>28,455</u>	<u>0</u>	<u>3,628</u>
<i>Net Change in Fund Cash Balances</i>	69,302	(72,235)	(1,533)	0	(4,466)
<i>Fund Cash Balances, January 1</i>	<u>145,667</u>	<u>252,147</u>	<u>1,557</u>	<u>0</u>	<u>399,371</u>
Fund Cash Balances, December 31					
Restricted		179,912	24		179,936
Committed	5,073				5,073
Unassigned (Deficit)	209,896				209,896
<i>Fund Cash Balances, December 31</i>	<u>\$214,969</u>	<u>\$179,912</u>	<u>\$24</u>	<u>\$0</u>	<u>\$394,905</u>

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

**VILLAGE OF WINTERSVILLE
JEFFERSON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Proprietary Fund Types	Fiduciary Fund Types	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$2,353,834		\$2,353,834
Fines, Licenses and Permits		\$85,052	85,052
<i>Total Operating Cash Receipts</i>	<u>2,353,834</u>	<u>85,052</u>	<u>2,438,886</u>
Operating Cash Disbursements			
Personal Services	434,887		434,887
Employee Fringe Benefits	243,242		243,242
Contractual Services	1,024,342		1,024,342
Supplies and Materials	182,533		182,533
Other	9,406	82,268	91,674
<i>Total Operating Cash Disbursements</i>	<u>1,894,410</u>	<u>82,268</u>	<u>1,976,678</u>
<i>Operating Income (Loss)</i>	<u>459,424</u>	<u>2,784</u>	<u>462,208</u>
Non-Operating Receipts (Disbursements)			
Intergovernmental	364,155		364,155
Other Debt Proceeds	2,098,473		2,098,473
Miscellaneous Receipts	6,002		6,002
Capital Outlay	(2,825,352)		(2,825,352)
Principal Retirement	(361,066)		(361,066)
Interest and Other Fiscal Charges	(52,431)		(52,431)
Other Financing Sources	23,880		23,880
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(746,339)</u>	<u>0</u>	<u>(746,339)</u>
<i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	(286,915)	2,784	(284,131)
Transfers In	5,027		5,027
Advances In	10,000	2,784	12,784
Advances Out	(10,000)	(2,784)	(12,784)
<i>Net Change in Fund Cash Balances</i>	(281,888)	2,784	(279,104)
<i>Fund Cash Balances, January 1</i>	<u>1,613,194</u>	<u>(2,784)</u>	<u>1,610,410</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$1,331,306</u></u>	<u><u>\$0</u></u>	<u><u>\$1,331,306</u></u>

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

**VILLAGE OF WINTERSVILLE
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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 and sewer utilities, park operations, 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 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.

C. Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

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 accounts for and reports all financial resources not accounted for and reported in another fund.

2. 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 Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

**VILLAGE OF WINTERSVILLE
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fire Levy Fund – This fund receives levy money for the payment on fire protection contracts.

3. Debt Service Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Fund:

Bonded Debt Service Fund: - This fund accumulates money for the repayment of bonded debt.

4. Capital Project Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project fund:

Issue II Fund – This fund accounts for the Ohio Public Works Commission funding that is paid on behalf of the Village.

5. Enterprise Funds

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

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

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

WPCLF Phase II Fund – This fund receives debt proceeds for the Ohio Water Development Authority pump station improvements project.

6. Fiduciary Funds

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

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

**VILLAGE OF WINTERSVILLE
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or 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.

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 approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. Management has included audit adjustments in the accompanying budgetary presentations for material items that should have been encumbered.

A summary of 2015 budgetary activity appears in Note 3.

F. 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:

1. Nonspendable

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

2. 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.

VILLAGE OF WINTERSVILLE
JEFFERSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. 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.

4. 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.

5. 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.

G. 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.

H. Accumulated Leave

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

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

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

	2015
Demand deposits	<u>\$1,726,211</u>
Total deposits	<u>1,726,211</u>

**VILLAGE OF WINTERSVILLE
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)**

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

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 year ending December 31, 2015 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,441,413	\$1,513,624	\$72,211
Special Revenue	987,897	734,029	(253,868)
Debt Service	28,455	28,455	
Capital Projects	79,540	79,540	
Enterprise	4,635,608	4,861,371	225,763
Total	\$7,172,913	\$7,217,019	\$44,106

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,699,858	\$1,444,322	\$255,536
Special Revenue	902,793	806,264	96,529
Debt Service	34,764	29,988	4,776
Capital Projects	79,540	79,540	
Enterprise	9,791,938	5,143,259	4,648,679
Total	\$12,508,893	\$7,503,373	\$5,005,520

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Street Maintenance and Repair fund by \$89,509 and in the Fire Levy Fund by \$39,585. Also contrary to Ohio law, appropriations exceeded estimated resources in the Debt Service fund by \$4,752. In addition, contrary to Ohio law, appropriations exceeded actual resources by \$4,752 in the Debt Service fund.

4. PROPERTY TAX

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

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

**VILLAGE OF WINTERSVILLE
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)**

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 R.I.T.A 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, 2015 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Bonds	\$74,499	5.87%
Special Assessment Bond	\$30,000	4.60%
Ohio Public Works Commission Loan CT32J	\$60,000	0.00%
Ohio Public Works Commission Loan CN40M	\$31,674	0.00%
Ohio Public Works Commission Loan CT46O	\$450,000	0.00%
Ohio Public Works Commission Loan CT71P	\$205,687	0.00%
Ohio Water Development Authority Loan 6281	\$2,025,920	1.00%
Ohio Water Development Authority Loan 6554	\$151,765	1.00%
Ohio Water Development Authority Loan 6774	<u>\$1,955,949</u>	1.00%
Total	<u>\$4,985,494</u>	

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.

An 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.

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 CT71P is being used to finance phase II of the EPA mandated improvements to the Villages Wastewater Treatment Plant for pump station improvements. The Village has been authorized for \$500,000 on this issue but has only drawn \$205,686.58 as of 12/31/15. The first scheduled payment on this issue is July 1, 2016. This project has not yet been completed; therefore no amortization schedule is available. The loan is collateralized by sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

**VILLAGE OF WINTERSVILLE
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)**

6. DEBT (Continued)

Ohio Public Works Commission (OPWC) Loan CT460 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 mutli-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 Water Development Authority (OWDA) Loan 6554 was approved for \$367,500 to be used for the planning of phase III of the EPA mandated upgrades to the Village's Wastewater Treatment Plant. As of December 31, 2015, the Village still has \$81,972 in funds to draw down. 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.

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

Year ending December 31:	General	Special	OPWC CT32J	OPWC CN40M
	Obligation Bonds	Assessment Bonds		
2016	\$76,891	\$16,380	\$5,000	2,184
2017		15,690	5,000	2,184
2018			5,000	2,184
2019			5,000	2,184
2020			5,000	2,184
2021-2025			25,000	10,923
2026-2030			10,000	9,832
2031-2035				
Total	<u>\$76,891</u>	<u>\$32,070</u>	<u>\$60,000</u>	<u>\$31,675</u>

Year ending December 31:	OPWC			
	CT460	OWDA 6774	OWDA 6281	OWDA 6654
2016	\$25,000	\$126,630	\$136,892	\$75,536
2017	25,000	126,630	136,892	75,536
2018	25,000	126,630	136,892	75,536
2019	25,000	126,630	136,892	37,768
2020	25,000	126,630	136,892	
2021-2025	125,000	633,150	684,462	
2026-2030	125,000	633,150	684,462	
2031-2035	75,000	506,520	410,677	
Total	<u>\$450,000</u>	<u>\$2,405,970</u>	<u>\$2,464,061</u>	<u>\$264,376</u>

**VILLAGE OF WINTERSVILLE
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)**

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 January through June 2015, OP&F participants contributed 11.5% of their wages and for July through December 2015, OP&F participants contributed 12.25% of their wages. For 2015, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2015 OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2015.

8. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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



Dave Yost • Auditor of State

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 43953

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, 2015, and the related notes to the financial statements and have issued our report thereon dated October 13, 2016 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 qualified our opinion due to the Village's lack of sufficient appropriate evidence supporting the amounts reported as Agency Fund fines, licenses and permits receipts, other disbursements, and beginning fund balance.

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 significant deficiencies.

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 2015-006 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 findings 2015-007 and 2015-008 described in the accompanying schedule of findings to be significant deficiencies.

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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2015-001, 2015-002, 2015-003, 2015-004 and 2015-005.

Entity's Response to Findings

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.

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 communication is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

October 13, 2016

VILLAGE OF WINTERSVILLE
JEFFERSON COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2015

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

FINDING NUMBER 2015-001

Finding for Recovery – Overpayment of Compensation

The Village Salary Schedule indicates that Walt Ziemba, Village Administrator, will be compensated at a rate of \$45,763 annually. For 2015, Mr. Ziemba was paid \$47,523 rather than the authorized \$45,763, resulting in an overpayment of \$1,760.

The Village should review employee payroll records to ensure proper amounts are paid.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Walt Ziemba in the amount of \$1,760 and in favor of the General Fund.

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is made is strictly liable for the amount of the expenditure. Seward v. National Surety Corp., 120 Ohio St. 47 (1929); 1980 OP. Atty Gen. No. 80-074; Ohio Rev. Code Sec. 9.39; State, ex. rel. Village of Linndale V. Masten, 18 Ohio St. 3d 228 (1985). Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property, 1980 OP. Atty Gen. No. 80-074.

Clerk/Treasurer Mike Payne signed the warrants resulting in the improper payments to Walt Ziemba. Mike Payne and his bonding company, Auto-Owners (Mutual) Insurance Company, will be jointly and severally liable in the amount of \$1,760 and in favor of the Village of Wintersville General Fund to the extent that recovery is not obtained from Mr. Ziemba.

Officials Response: The salary for Walter Ziemba has been reduced from \$1,892.27 to \$1,732.25 a month through the end of the year 2016 to repay the \$1,760.00. This will be repaid by December 31, 2016.

FINDING NUMBER 2015-002

Finding for Recovery – Overpayment of Compensation

Village Salary Schedule indicates that Perry Pool is to be compensated at \$53,448 annually. In 2015, he was paid \$55,504 rather than the authorized \$53,448, resulting in an overpayment of \$2,056.

The Village should review employee payroll records to ensure proper amounts are paid.

In accordance with the foregoing facts and pursuant to **Ohio Rev. Code Section 117.28**, a Finding for Recovery for public money illegally expended is hereby issued against Perry Pool in the amount of \$2,056 and in favor of the General Fund in the amount of \$614, in favor the Sewer Fund in the amount of \$614, in favor of the Water Fund in the amount \$414 and the Sanitation Fund in the amount of \$414.

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is made is strictly liable for the amount of the expenditure. Seward v. National Surety Corp., 120 Ohio St. 47 (1929); 1980 OP. Atty Gen. No. 80-074; Ohio Rev. Code Sec. 9.39; State, ex. rel. Village of Linndale V. Masten, 18 Ohio St. 3d 228 (1985).

**FINDING NUMBER 2015-002
 (Continued)**

Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property, 1980 OP. Atty Gen. No. 80-074.

Clerk/Treasurer Mike Payne signed the warrants resulting in the improper payments to Perry Pool. Mike Payne and his bonding Company, Auto-Owners (Mutual) Insurance Company, will be jointly and severally liable in the amount of \$2,056 and in favor of the Village of Wintersville General, Sewer, Water and Sanitation Funds, respectively, to the extent that recovery is not obtained from Mr. Pool.

Officials Response: The salary for Perry Pool has been reduced from \$2,102.60 to \$1,915.71 a month through the end of the year 2016 to repay the \$2,056.00. This will be repaid by December 31, 2016.

FINDING NUMBER 2015-003

Noncompliance Citation

Appropriations Exceed Estimated Resources

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

Appropriations exceeded the amount certified as available by the budget commission during 2015 in the following funds:

2015 Appropriation Variance				
Fund Name	Total Estimated Resources	Appropriation Resolution	Variance	% Variance
Debt Service	\$ 30,012	\$ 34,764	\$ (4,752)	(13.7%)

The Village should base annual appropriations on Total Available Estimated Resources. If amendments are necessary during the year then an amended certificate should be obtained.

Officials Response: No response received.

FINDING NUMBER 2015-004

Noncompliance Citation

Appropriations Exceed Actual Resources

Ohio Rev. Code § 5705.36(A)(4) states that upon determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and the amount of the deficiency will reduce available resources below the level of current appropriations, the Clerk/Treasurer shall certify the amount of the deficiency to the commission, and the commission shall certify an amended certificate reflecting the deficiency.

**FINDING NUMBER 2015-004
 (Continued)**

Appropriations exceeded actual resources at December 31, 2015 in the following fund:

2015:

Fund	Actual Resources	Appropriation	Variance	Percent
Debt Service	\$30,012	\$34,764	(\$4,752)	(13.7%)

Failure to limit appropriations to the amount of the available revenue could result in overspending in this fund.

The Clerk/Treasurer should compare appropriations to actual resources to gain assurance that adequate resources are available. If the resources are not available to cover the appropriations, an amendment to the appropriation resolution should be passed by the Village Council to reduce the appropriations.

Officials Response: No response received.

FINDING NUMBER 2015-005

Noncompliance Citation

Expenditures Exceed Appropriations

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

The Village had disbursements which exceeded appropriations at December 31, 2015 in the following funds:

2015 Expenditure Variance				
Fund Name	Appropriation	Expenditure	Variance	% Variance
Street Construction M&R	\$ 183,703	\$ 273,207	\$ (89,504)	(32.8%)
Fire Levy	\$ 152,000	\$ 191,585	\$ (39,585)	(20.7%)

The Village should verify that all expenditures have proper appropriation authority prior to expending funds and compare appropriations to expenditures in all funds which are legally required to be budgeted, at the legal level or control, to maintain compliance with the above requirements.

Officials Response: No response received.

FINDING NUMBER 2015-006

Material Weakness

Posting of Receipts and Disbursements

Sound accounting practices require the Village to maintain an accounting system that enables them to identify, assemble, analyze, classify, record, and report all transactions. The Village Clerk/Treasurer did not correctly post all receipts and disbursements in 2015. This was attributed to the Village Clerk/Treasurer not abiding by the adopted chart of accounts. The Clerk/Treasurer has agreed to and posted the following reclassifications and adjustments, which are reflected in the accompanying financial statements:

Reclassifications		
Fund	Detail	Amount
Ohio Public Works Commission Phase 2 (5207)	to properly reflect loan proceeds incorrectly posted to Intergovernmental revenue	\$205,687
WPCLF Phase 2 (5208)	to properly reflect loan proceeds incorrectly posted to intergovernmental revenue	1,853,820
WPCLF Phase 3 (5209)	to properly reflect loan proceeds incorrectly posted to intergovernmental revenue	38,967
Ohio Public Works Commission Phase 1 (5205)	to properly reflect debt payments incorrectly posted to contractual services	12,500
Ohio Public Works Commission Phase 2 (5207)	to properly reflect capital outlay disbursement incorrectly posted to contractual services	379,966
WPCLF Phase 2 (5208)	to properly reflect capital outlay disbursement incorrectly posted to contractual services	2,083,040
WPCLF Phase 3 (5209)	to properly reflect capital outlay disbursement incorrectly posted to contractual services	56,128
Ohio Public Works Commission Phase 1 (5205)	to properly reflect charges for services incorrectly posted as intergovernmental	25,000
WPCLF Phase 1 (5206)	to properly reflect charges for services incorrectly posted as intergovernmental	137,337
Ohio Public Works Commission Phase 2 (5207)	to properly reflect charges for services incorrectly posted as intergovernmental	25,000
WPCLF Phase 2 (5208)	to properly reflect charges for services incorrectly posted as intergovernmental	126,632
WPCLF Phase 3 (5209)	to properly reflect charges for services incorrectly posted as intergovernmental	75,551
Street Construction (2011)	to reclassify grant fund monies to intergovernmental revenue rather than miscellaneous revenue and to post expenditure as capital outlay rather than as transportation disbursement	79,540

FINDING NUMBER 2015-006
(Continued)

Adjustments			
From Fund	To Fund	Detail	Amount
Phase II Grant (2067)	OPWC Phase 2 (5207)	to move receipts and disbursements related to OPWC wastewater project	189,875
Street Maintenance & Repair (2011)	Issue II (4901)	to move receipts and disbursements related to an Issue II paving project	79,540
General (1000)		to adjust the fund balance to reconcile ledgers to the depository	144

The Village Clerk/Treasurer should review the current procedures for recording receipts and expenditures and review the UAN chart of accounts to determine the proper account codes in which to record various transactions.

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 main accountability. The Village should adopt procedures for the review of posted transactions and subsequent reporting on the financial statements.

Officials Response: No response received.

FINDING NUMBER 2015-007

Significant Deficiency

Fund Balance Policy

The Village has not established a fund balance policy as established by GASB 54. Without a fund balance policy in place, questions could arise as to how Village fund balances will be used and how they will be classified.

In 2015, the Village's General Fund Balance was not properly classified in the annual financial report. As a result, the following reclassification was made to properly reflect the General Fund balance:

Fund	Original Fund Balance	Amount	Adjusted Fund Balance Original Fund Balance
General	Unassigned Ending Equity	\$209,895	Assigned Ending Equity

The Village did not have procedures in place to help ensure fund balances are classified properly.

The Village should adopt a fund balance policy and ensure the General Fund ending balance is properly classified. .

**FINDING NUMBER 2015-007
 (Continued)**

If a government does not establish a policy for its use of unrestricted fund balance amounts, it should consider that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Officials Response: No response received.

FINDING NUMBER 2015-008

Significant Deficiency - Cash Reconciliation

The Clerk/Treasurer did not prepare accurate monthly bank reconciliations and does not have procedures in place to help ensure reconciliations are being completed properly; therefore the Village did not maintain sufficient accounting records to help reasonably assure accountability for all transactions.

Failure to maintain accurate monthly reconciliations increases the risk of discrepancies and errors occurring without detection and prevents the Village management from having accurate financial information. The following audit adjustment was necessary to reconcile the accounting records to the confirmed bank balances. The Clerk/Treasurer has agreed to and posted the adjustment which is reflected in the accompanying financial statements.

2015:

Fund Name	Account Type	Amount	Description
General	General Government Expenditures	\$144	Unidentified posting errors

In addition, the Village is carrying many old reconciling items on the monthly reconciliation. These additional reconciling items make the reconciliation cumbersome and may lead to additional errors being made and not being detected. These old reconciling items need to be reviewed and necessary adjustments need to be made to remove these items from the reconciliation.

The Clerk/Treasurer should prepare accurate monthly bank to book reconciliations to help reasonably assure the Village has accounted for all transactions. The Clerk/Treasurer should investigate and document all discrepancies and errors noted when preparing the monthly reconciliations. In addition, the Clerk/Treasurer and the Council should carefully review the Village's current cash cycle procedures, identify the weaknesses and implement procedures to adequately safeguard the Village's assets. The Village should establish procedures to ensure the use of checks in sequential order and ensure the check ledger agrees with the actual checks and voucher packet. Improving the cash cycle procedures may help strengthen control over the Village's assets, reduce the risk of errors during the reconciliation process, and may help provide accurate financial records to the Village's management.

Officials Response: : The Cash Reconciliations should be prepared accurately since the Village has again separated the Public Utilities Bank Account and the Clerk/Treasurer Bank Account. We had combined the accounts into one which created a problem.

**VILLAGE OF WINTERSVILLE
JEFFERSON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2015**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2014-001	Finding for recovery – overpayment of Council compensation	Yes – fully repaid in 2015	
2014-002	Finding for recovery – overpayment of travel allowance for Village Administrator	Yes – fully repaid in 2015	
2014-003	Finding for recovery – magistrate court receipts	Yes – fully repaid in 2015	
2014-004	Material Non-Compliance - ORC 5075.41(B)	No	Repeated in current year as finding 2015-005
2014-005	Material weakness – posting of receipts and expenditures	No	Repeated in current year audit as finding 2015-006
2014-006	Material weakness – Magistrate’s Court Cycle		Unknown- Public Integrity is performing an audit of Magistrate court.
2014-007	Material Non-Compliance – ORC 5705.39	No	Repeated in current year audit as finding 2015-003
2014-008	Material Weakness – Posting of Authorized Budgetary Measures	Partially	Repeated in current year management letter
2014-009	Material Non-Compliance - 5705.41(D)	Yes	

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Dave Yost • 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
NOVEMBER 10, 2016