

VILLAGE OF WARSAW

AUDIT REPORT

JANUARY 1, 2001 - DECEMBER 31, 2002



**Auditor of State
Betty Montgomery**

Mayor and Village Council
Village of Warsaw
Warsaw, Ohio

We have reviewed the Independent Auditor's Report of the Village of Warsaw, Coshocton County, prepared by Wolfe, Wilson, & Phillips, Inc., for the audit period January 1, 2001 through December 31, 2002. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Warsaw is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

September 5, 2003

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**VILLAGE OF WARSAW
COSHOCOTON COUNTY
JANUARY 1, 2001 - DECEMBER 31, 2002**

TABLE OF CONTENTS

Table of Contents	(i)
Independent Auditors' Report	1
Financial Statements	
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Funds Types For the Year Ended December 31, 2002	2
Combined Statement of Cash Receipts, Cash Disbursements, and Changes In Fund Balance - All Proprietary Funds and Similar Fiduciary Funds For the Year Ended December 31, 2002	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Funds For the Year Ended December 31, 2001	4
Combined Statement of cash Receipts, Cash Disbursements, and Changes In Fund Balances - All Proprietary Fund Types and similar Fiduciary Funds For the Year Ended December 31, 2001	5
Notes to the Financial Statements	6-11
Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statement Performed in Accordance with Government Auditing Standards.	12
Schedule of Finding	13

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**WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701**

INDEPENDENT AUDITORS' REPORT

Mayor and Village Council
Village of Warsaw
P.O. Box 399
Warsaw, Ohio 43844

We have audited the accompanying financial statements of the Village of Warsaw, Coshocton County, as of and for the years ended December 31, 2002 and 2001. These financial statements are the responsibility of the Village of Warsaw'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 *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserve for encumbrances of the Village of Warsaw, Coshocton County, as of December 31, 2002 and 2001, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated July 17, 2003, on our consideration of the Village of Warsaw's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
July 17, 2003

**VILLAGE OF WARSAW
COSHOCOTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	General Fund	Special Revenue Fund	Capital Projects Fund	Totals (Memo Only)
Cash Receipts				
Local taxes	\$ 40,302	\$ 3,006	\$ -	\$ 43,308
Intergovernmental	77,654	30,255	-	107,909
Charges for Services	6,892	59,934	-	66,826
Fines, Licenses, and Permits	2,170	-	-	2,170
Miscellaneous	16,555	27,058	-	43,613
Total Cash Receipts	<u>143,573</u>	<u>120,253</u>	-	<u>263,826</u>
Cash Disbursements				
Current:				
Security of Persons and Property	38,889	-	-	38,889
Public Health Services	320	25,113	-	25,433
Lesisure Time Activities	5,480	71,444	-	76,924
Community Environment	73	-	-	73
Basic Utility Service	-	-	-	-
Transportation	-	32,987	-	32,987
General Government	49,682	176	-	49,858
Capital Outlay	-	3,000	-	3,000
Debt Service	8,171	14,195	-	22,366
Total Cash Disbursements	<u>102,615</u>	<u>146,915</u>	-	<u>249,530</u>
Total Receipts Over (Under) Cash Disbursements	40,958	(26,662)	-	14,296
Other Financing Receipts (Disbursements)				
Debt Proceeds	-	-	-	-
Operating Transfers In	-	8,500	-	8,500
Operating Transfers Out	(8,863)	-	-	(8,863)
Advances In	-	1,500	-	1,500
Advances Out	(1,500)	-	-	(1,500)
Total Other Financing Receipts (Disbursements)	<u>(10,363)</u>	<u>10,000</u>	-	<u>(363)</u>
Total Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	30,595	(16,662)	-	13,933
Fund Cash Balance - January 1, 2002	<u>34,824</u>	<u>61,286</u>	<u>925</u>	<u>97,035</u>
Fund Cash Balance - December 31, 2002	<u>\$ 65,419</u>	<u>\$ 44,624</u>	<u>\$ 925</u>	<u>\$ 110,968</u>
Encumbrances - December 31, 2002	<u>\$ 10,160</u>	<u>\$ 5,250</u>	<u>\$ -</u>	<u>\$ 15,410</u>

See notes to financial statements.

**VILLAGE OF WARSAW
COSHOCOTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY FUND TYPES AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	Enterprise Funds	Non-expendable Trust Fund	Totals (Memo Only)
Operating Receipts			
Charges for Services	\$ 153,746	\$ -	\$ 153,746
Miscellaneous	247	-	247
Total Operating Receipts	153,993	-	153,993
Operating Disbursements			
Personal Services	64,485	-	64,485
Contractual Services	41,408	-	41,408
Supplies and Materials	42,852	-	42,852
Other	548	-	548
Capital Outlay	10,269	-	10,269
Total Operating Disbursements	159,562	-	159,562
Operating Income (Loss)	(5,569)	-	(5,569)
Non-operating Receipts			
Miscellaneous	-	-	-
Other Non-operating Receipts	1,481	769	2,250
Total Non-operating Receipts	1,481	769	2,250
Non-operating Disbursements			
Debt Service	19,461	-	19,461
Other Non-operating Disbursements	-	-	-
Total Non-operating Disbursements	19,461	-	19,461
Excess of Receipts Over (Under) Disbursements Before Interfund Transfers and Advances	(23,549)	769	(22,780)
Transfers In	363	-	363
Advances In	-	-	-
Transfers Out	-	-	-
Advances Out	-	-	-
Net Receipts Over (Under) Disbursements	(23,186)	769	(22,417)
Fund Cash Balance - January 1, 2002	179,259	72,641	251,900
Fund Cash Balance - December 31, 2002	\$ 156,073	\$ 73,410	\$ 229,483
Encumbrances - December 31, 2002	\$ 10,234	\$ -	\$ 10,234

See notes to financial statements.

**VILLAGE OF WARSAW
COSHOCKTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	General Fund	Special Revenue Fund	Capital Projects Fund	Totals (Memo Only)
Cash Receipts				
Local taxes	\$ 39,933	\$ 21,603	\$ -	\$ 61,536
Intergovernmental	77,516	11,544	39,100	128,160
Charges for Services	7,245	-	-	7,245
Fines, Licenses, and Permits	1,490	92,278	-	93,768
Miscellaneous	25,318	23,950	-	49,268
Total Cash Receipts	151,502	149,375	39,100	339,977
Cash Disbursements				
Current:				
Security of Persons and Property	20,158	-	-	20,158
Public Health Services	598	24,792	-	25,390
Lesisure Time Activities	25,229	74,718	-	99,947
Basic Utility Service	8,250	-	-	8,250
Transportation	-	21,912	-	21,912
General Government	96,702	-	-	96,702
Capital Outlay	33,145	29,110	38,175	100,430
Debt Service	2,804	12,891	-	15,695
Total Cash Disbursements	186,886	163,423	38,175	388,484
Total Receipts Over (Under) Cash Disbursements	(35,384)	(14,048)	925	(48,507)
Other Financing Receipts (Disbursements)				
Debt Proceeds	20,928	-	-	20,928
Operating Transfers In	-	2,500	-	2,500
Operating Transfers Out	(2,500)	-	-	(2,500)
Advances In	-	2,500	-	2,500
Advances Out	(2,500)	-	-	(2,500)
Total Other Financing Receipts (Disbursements)	15,928	5,000	-	20,928
Total Cash Receipts and Other Financing Receipts Over (Under) Cash Disbursements and Other Financing Disbursements	(19,456)	(9,048)	925	(27,579)
Fund Cash Balance - January 1, 2001	54,280	70,334	-	124,614
Fund Cash Balance - December 31, 2001	\$ 34,824	\$ 61,286	\$ 925	\$ 97,035
Encumbrances - December 31, 2001	\$ 234	\$ 420	\$ -	\$ 654

See notes to financial statements.

**VILLAGE OF WARSAW
COSHOCOTON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY FUND TYPES AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	Enterprise Funds	Non-expendable Trust Fund	Totals (Memo Only)
Operating Receipts			
Charges for Services	\$ 166,031	\$ -	\$ 166,031
Miscellaneous	11,088	-	11,088
Total Operating Receipts	<u>177,119</u>	<u>-</u>	<u>177,119</u>
Operating Disbursements			
Personal Services	62,947	-	62,947
Contractual Services	21,429	-	21,429
Supplies and Materials	40,802	-	40,802
Capital Outlay	-	-	-
Total Operating Disbursements	<u>125,178</u>	<u>-</u>	<u>125,178</u>
Operating Income (Loss)	51,941	-	51,941
Non-operating Receipts			
Miscellaneous	-	-	-
Other Non-operating Receipts	-	5,803	5,803
Total Non-operating Receipts	<u>-</u>	<u>5,803</u>	<u>5,803</u>
Non-operating Disbursements			
Debt Service	19,785	-	19,785
Other Non-operating Disbursements	-	-	-
Total Non-operating Disbursements	<u>19,785</u>	<u>-</u>	<u>19,785</u>
Excess of Receipts Over (Under) Disbursements Before Interfund Transfers and Advances	32,156	5,803	37,959
Transfers In	-	-	-
Advances In	-	-	-
Transfers Out	-	-	-
Advances Out	-	-	-
Net Receipts Over (Under) Disbursements	32,156	5,803	37,959
Fund Cash Balance - January 1, 2001	<u>147,103</u>	<u>66,838</u>	<u>213,941</u>
Fund Cash Balance - December 31, 2001	<u>\$ 179,259</u>	<u>\$ 72,641</u>	<u>\$ 251,900</u>
Encumbrances - December 31, 2001	<u>\$ 483</u>	<u>\$ -</u>	<u>\$ 483</u>

See notes to financial statements.

**VILLAGE OF WARSAW
COSHOCOTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

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

B. Basis of Accounting

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

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

C. Cash and Investments

Certificates of deposit are valued at cost.

D. Fund Accounting

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

Governmental Funds

General Fund

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

Special Revenue Funds

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

**VILLAGE OF WARSAW
COSHOCOTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

Special Revenue Funds (Continued)

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

Cemetery Fund - This fund receives interest and money from sales of plots for maintaining its cemeteries.

Parks and Recreation Fund - This fund receives money from pool admissions and passes, and rental of the park facilities. The Village park and pool is operated and maintained using this money.

Capital Projects Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant Capital Projects Funds:

Capital Improvement Fund - This fund receives money from state resources used to perform capital improvements.

Enterprise Funds

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

Water Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

Sewer Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

Fiduciary Funds (Trust Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. The Village had the following significant fiduciary fund: Cemetery Endowment Fund.

**VILLAGE OF WARSAW
COSHOCOTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

The Ohio Revised Code requires that the Village budget annually.

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. 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.

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.

Encumbrances

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

A summary of budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2002</u>	<u>2001</u>
Demand Deposits	\$ 152,472	\$ 153,020
Certificates of deposit	187,979	195,915
Total Deposits	340,451	348,935

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

**VILLAGE OF WARSAW
COSHOCOTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002**

3. BUDGETARY ACTIVITY

Budgetary activity for the year ended December 31, 2002 and 2001 is as follows:

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 102,893	\$ 143,573	\$ 40,680
Special Revenue	129,650	128,753	(897)
Capital Projects	-	-	-
Enterprise	150,000	155,837	5,837
Fiduciary	3,200	769	(2,431)
Total	<u>\$ 385,743</u>	<u>\$ 428,932</u>	<u>\$ 43,189</u>

2002 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 150,941	\$ 121,638	\$ 29,303
Special Revenue	205,219	152,165	53,054
Capital Projects	925	-	925
Enterprise	319,784	189,257	130,527
Fiduciary	-	-	-
Total	<u>\$ 676,869</u>	<u>\$ 463,060</u>	<u>\$ 213,809</u>

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 102,893	\$ 151,502	\$ 48,609
Special Revenue	129,650	151,875	22,225
Capital Projects	-	39,100	39,100
Enterprise	150,000	177,119	27,119
Fiduciary	3,200	5,803	2,603
Total	<u>\$ 385,743</u>	<u>\$ 525,399</u>	<u>\$ 139,656</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 93,596	\$ 168,692	\$ (75,096)
Special Revenue	132,462	163,843	(31,381)
Capital Projects	-	38,175	(38,175)
Enterprise	150,544	145,446	5,098
Fiduciary	-	-	-
Total	<u>\$ 376,602</u>	<u>\$ 516,156</u>	<u>\$ (139,554)</u>

**VILLAGE OF WARSAW
COSHOCOTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002**

3. BUDGETARY ACTIVITY (Continued)

Section 5705.39, Ohio Revised Code states that appropriations per fund cannot exceed the estimated revenue. In 2002, the General Fund and Parks and Recreation Fund and in 2001, Resurfacing Fund had appropriations exceeding estimated revenue. Section 5705.41(B), Ohio Revised Code states that expenditures may not exceed appropriations. In 2001, expenditures exceeded appropriations in the General Fund, Street Fund, Cemetery Fund, Parks and Recreation Fund, and the Capital Improvement Fund.

4. PROPERTY TAX

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

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

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

5. DEBT

Debt outstanding at December 31, 2002 and 2001 was as follows:

	2002		2001	
	Principal	%	Principal	%
Sanitary Sewer Loan	\$ 120,242	5.0	\$ 127,155	5.0
Post Office Loan	21,321	4.8	23,002	4.8
Community Facility Loan	-	4.9	5,920	4.9
Cemetery Loan	47,735	4.9	54,680	4.9
Cruiser Loan	14,916	5.5	18,378	5.5
Water Loan	8,170	4.9	13,048	4.9
Total	<u>\$ 212,384</u>		<u>\$ 242,183</u>	

The Sanitary Sewer Loan is with Bank One, due May 1, 2019 with interest of 5%. The minimum payment is \$1,073.11 per month. This was used to perform sewer projects.

The Post Office Loan is with Bank One, due July 2012 with interest of 4.75%. The minimum payment is \$229.17 per month. This was used to purchase the old Village post office.

The Community Facility Loan was to repair the pool. It was paid off in 2002.

The Cemetery Loan is with Bank One, due September 21, 2008 with interest of 4.9%. The minimum payment is \$791.83 per month. This was used to repair the cemetery.

The Water Loan is with Bank One, due June 17, 2007 with interest of 4.85%, The minimum payment is \$480.43 per month. This was used to update water lines.

**VILLAGE OF WARSAW
COSHOCOTON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2002**

5. DEBT (Continued)

The Cruiser Loan is with Bank One, due April 27, 2006 with interest at 5.5%. The minimum payment is \$400.52 per month. This was used to purchase a police cruiser.

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

Year ending December 31	Water Loan	Cemetery Loan	Sewer Loan	Post Office Loan	Cruiser Loan
2003	\$ 5,765	\$ 9,502	\$ 12,877	\$ 2,750	\$ 4,806
2004	2,128	9,502	12,877	2,750	4,806
2005	-	9,502	12,877	2,750	4,806
2006	-	9,502	12,877	2,750	1,548
2007	-	9,502	12,877	2,750	-
Subsequent	-	7,104	98,280	12,750	-
	<u>\$ 7,893</u>	<u>\$ 54,614</u>	<u>\$ 162,665</u>	<u>\$ 26,500</u>	<u>\$ 15,966</u>

6. RETIREMENT SYSTEMS

The Villages full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plans. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants gross salaries. The Village has paid all contributions required through December 31, 2002.

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

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

8. NEGATIVE FUND BALANCE

The Parks Fund had a negative fund balance of \$451.53 as of December 31, 2001.

**WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701**

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT
OF FINANCIAL STATEMENT PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS.**

Mayor and Village Council
Village of Warsaw
P.O. Box 399
Warsaw, Ohio 43844

We have audited the financial statements of The Village of Warsaw as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated July 17, 2003. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village of Warsaw's combined financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our test disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as item 2002-1. We have noted certain immaterial instances of noncompliance that we have reported to the management of the Village of Warsaw in a separate letter dated July 17, 2003.

Internal Control Over Financing Reporting

In planning and performing our audit, we considered the Village of Warsaw's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the combined financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be a material weakness. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level of risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to the management of the Village of Warsaw in a separate letter dated July 17, 2003.

This report is intended for the information of the Mayor, Village Administrator, Clerk, Council and the Auditor of State and is not intended to be and should not be used by anyone other than these specified parties.

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
July 17, 2003

**VILLAGE OF WARSAW
COSHOCOTON COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2002**

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

FINDING NUMBER 2002-1

Ohio Revised Code Section 5705.41(D) states in part that no subdivision shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of fiscal officer of the subdivision. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

Prior certification was not obtained for 100.0% of the expenditures tested. This occurred because the clerk did not date the day she signed the purchase order, therefore we could not determine if prior certification took place.

The Clerk/Treasurer should certify funds before each payment is made through the issuance of a regular, blanket, or super blanket purchase order. Blanket certificates should be issued for a specific line item. These blanket certificates should be canceled at the end of each fiscal year and should not exceed \$5,000 or three months in duration. A super blanket purchase order can be completed for amounts over \$5,000 from a specific line item or account, in a specific fund, for most recurring or reasonable predictable operating expenditures.

Also, as an alternative, the Village can issue then and now certificates for expenses up to \$1,000. Then and now certificates allow the Clerk/Treasurer to certify that both at the time the expenditure was made and at the time that the certification is completed, sufficient funds are available. These certificates can be certified by the Clerk/Treasurer without subsequent authorization from Council. However, then and now certificates issued by the Clerk/Treasurer over \$1,000 must be authorized by Council within thirty days after payment.

The Village Administrator and all appropriate department supervisors should sign-off on all purchase orders or requisitions to help ensure compliance and serve as a monitoring review for all Village purchases.



**Auditor of State
Betty Montgomery**

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VILLAGE OF WARSAW

COSHOCTON 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
SEPTEMBER 25, 2003**