



**Auditor of State
Betty Montgomery**

VILLAGE OF WINTERSVILLE
JEFFERSON COUNTY

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**Auditor of State
Betty Montgomery**

Village of Wintersville
Jefferson County
200 Grove Street
Wintersville, Ohio 43953

To the 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 a February 2, 2005 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 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.

A handwritten signature in black ink that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

September 18, 2005

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Village of Wintersville
Jefferson County
200 Grove Street
Wintersville, Ohio 43953

To Village Council:

We have audited the accompanying financial statements of Village of Wintersville, Jefferson County, (the Village) as of and for the years ended December 31, 2005 and 2004. 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 governments. 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.

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its 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 the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to reformat its statements. Since this Village does not use GAAP to measure financial statement amounts, 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.

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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, 2005 and 2004 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, 2005 and 2004, or its changes in financial position or cash flows of its proprietary funds 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 of Village of Wintersville, Jefferson County, as of December 31, 2005 and 2004, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the years ended December 31, 2005 and 2004. 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 September 18, 2006, 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.



Betty Montgomery
Auditor of State

September 18, 2006

**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, 2005**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$163,955	\$239,516		\$403,471
Municipal Income Tax	727,739			727,739
Intergovernmental Receipts	170,225	497,649		667,874
Charges for Services	37,646			37,646
Fines, Licenses, and Permits	97,908			97,908
Earnings on Investments	60,156			60,156
Miscellaneous	27,821	2,533		30,354
	<u>1,285,450</u>	<u>739,698</u>		<u>2,025,148</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	474,327	337,603		811,930
Public Health Services	9,866			9,866
Leisure Time Activities	12,112	10,000		22,112
Community Environment	2,506			2,506
Transportation	285,377	403,398		688,775
General Government	257,869			257,869
Debt Service:				
Principal Payments		5,922	\$15,080	21,002
Interest Payments		2,209	14,955	17,164
	<u>1,042,057</u>	<u>759,132</u>	<u>30,035</u>	<u>1,831,224</u>
Total Cash Disbursements				
	<u>1,042,057</u>	<u>759,132</u>	<u>30,035</u>	<u>1,831,224</u>
Total Receipts Over/(Under) Disbursements	<u>243,393</u>	<u>(19,434)</u>	<u>(30,035)</u>	<u>193,924</u>
Other Financing Receipts and (Disbursements):				
Transfers-In		73,000	31,000	104,000
Transfers-Out	(104,000)			(104,000)
	<u>(104,000)</u>	<u>73,000</u>	<u>31,000</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	139,393	53,566	965	193,924
Fund Cash Balances, January 1	<u>299,898</u>	<u>167,871</u>	<u>2,578</u>	<u>470,347</u>
Fund Cash Balances, December 31	<u>\$439,291</u>	<u>\$221,437</u>	<u>\$3,543</u>	<u>\$664,271</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 SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$2,389,744		\$2,389,744
Total Operating Cash Receipts	<u>2,389,744</u>		<u>2,389,744</u>
Operating Cash Disbursements:			
Personal Services	359,838		359,838
Fringe Benefits	147,599		147,599
Contractual Services	1,022,063		1,022,063
Supplies and Materials	181,738		181,738
Capital Outlay	175,032		175,032
Total Operating Cash Disbursements	<u>1,886,270</u>		<u>1,886,270</u>
Operating Income/(Loss)	<u>503,474</u>		<u>503,474</u>
Non-Operating Cash Receipts:			
Miscellaneous Receipts	183	\$96,600	96,783
Total Non-Operating Cash Receipts	<u>183</u>	<u>96,600</u>	<u>96,783</u>
Non-Operating Cash Disbursements:			
Capital Outlay	33,256		33,256
Debt Service	577,691		577,691
Other Non-Operating Cash Disbursements		96,600	96,600
Total Non-Operating Cash Disbursements	<u>610,947</u>	<u>\$96,600</u>	<u>707,547</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	(107,290)		(107,290)
Fund Cash Balances, January 1	<u>1,385,521</u>		<u>1,385,521</u>
Fund Cash Balances, December 31	<u>\$1,278,231</u>		<u>\$1,278,231</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, 2004**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$160,725	\$132,431		\$293,156
Municipal Income Tax	645,363			645,363
Intergovernmental Receipts	269,561	458,480		728,041
Charges for Services	36,675			36,675
Fines, Licenses, and Permits	108,161			108,161
Earnings on Investments	22,626			22,626
Miscellaneous	9,424	1,531		10,955
	<u>1,252,535</u>	<u>592,442</u>		<u>1,844,977</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	475,982	210,688		686,670
Public Health Services	9,995			9,995
Leisure Time Activities	24,810			24,810
Community Environment	3,293			3,293
Transportation	465,225	393,258		858,483
General Government	264,983	40		265,023
Debt Service:				
Principal Payments		7,010	\$14,200	21,210
Interest Payments		2,508	15,819	18,327
	<u>1,244,288</u>	<u>613,504</u>	<u>30,019</u>	<u>1,887,811</u>
Total Cash Disbursements				
	<u>1,244,288</u>	<u>613,504</u>	<u>30,019</u>	<u>1,887,811</u>
Total Receipts Over/(Under) Disbursements	<u>8,247</u>	<u>(21,062)</u>	<u>(30,019)</u>	<u>(42,834)</u>
Other Financing Receipts and (Disbursements):				
Sale of Bonds or Notes	166,797			166,797
Transfers-In	167	60,863	32,597	93,627
Transfers-Out	(113,460)	(167)		(113,627)
	<u>53,504</u>	<u>60,696</u>	<u>32,597</u>	<u>146,797</u>
Total Other Financing Receipts/(Disbursements)				
	<u>53,504</u>	<u>60,696</u>	<u>32,597</u>	<u>146,797</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	61,751	39,634	2,578	103,963
Fund Cash Balances, January 1	<u>238,147</u>	<u>128,237</u>		<u>366,384</u>
Fund Cash Balances, December 31	<u>\$299,898</u>	<u>\$167,871</u>	<u>\$2,578</u>	<u>\$470,347</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 SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$2,402,858		\$2,402,858
Total Operating Cash Receipts	<u>2,402,858</u>		<u>2,402,858</u>
Operating Cash Disbursements:			
Personal Services	323,976		323,976
Fringe Benefits	147,701		147,701
Contractual Services	964,318		964,318
Supplies and Materials	157,465		157,465
Other	4,836		4,836
Capital Outlay	104,342		104,342
Total Operating Cash Disbursements	<u>1,702,638</u>		<u>1,702,638</u>
Operating Income/(Loss)	<u>700,220</u>		<u>700,220</u>
Non-Operating Cash Receipts:			
Other Non-Operating Receipts	<u>7</u>	<u>\$102,160</u>	<u>102,167</u>
Total Non-Operating Cash Receipts	<u>7</u>	<u>102,160</u>	<u>102,167</u>
Non-Operating Cash Disbursements:			
Debt Service	579,026		579,026
Other Non-Operating Disbursements		<u>102,160</u>	<u>102,160</u>
Total Non-Operating Cash Disbursements	<u>579,026</u>	<u>\$102,160</u>	<u>681,186</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	121,201		121,201
Transfers-In	<u>20,000</u>		<u>20,000</u>
Net Receipts Over/(Under) Disbursements	141,201		141,201
Fund Cash Balances, January 1	<u>1,244,320</u>		<u>1,244,320</u>
Fund Cash Balances, December 31	<u>\$1,385,521</u>		<u>\$1,385,521</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, 2005 AND 2004**

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 governs the Village. The Village provides water and sewer utilities, sanitation 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. Basis of Accounting

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. This basis 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 adequately disclose material matters the Auditor of State prescribes.

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 trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

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

Public Works State Grant Fund - This fund receives grant monies to fund street repaving projects.

3. Debt Service Fund

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, 2005 AND 2004
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Bond Debt Service Fund - The 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 (Agency Funds)

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary fund:

Mayors Court Fund – This fund accounts for monies received and disbursed through Mayors 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, function or object level of control, and appropriations may not exceed estimated resources. Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

**VILLAGE OF WINTERSVILLE
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A summary of 2005 and 2004 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 and investments. The carrying amount of cash at December 31 was as follows:

	2004	2004
Demand deposits	\$1,855,868	\$1,942,502

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, 2005 and 2004 follows:

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,310,162	\$1,285,450	(\$24,712)
Special Revenue	812,703	812,698	(5)
Debt Service	31,000	31,000	0
Enterprise	2,445,884	2,389,927	(55,957)
Total	\$4,599,749	\$4,519,075	(\$80,674)

**VILLAGE OF WINTERSVILLE
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,489,771	\$1,146,057	\$343,714
Special Revenue	921,601	759,132	162,469
Debt Service	30,200	30,035	165
Enterprise	3,437,764	2,497,217	940,547
Total	<u>\$5,879,336</u>	<u>\$4,432,441</u>	<u>\$1,446,895</u>

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,323,852	\$1,419,499	\$95,647
Special Revenue	657,129	653,305	(3,824)
Debt Service	30,200	32,597	2,397
Enterprise	2,450,096	2,422,865	(27,231)
Total	<u>\$4,461,277</u>	<u>\$4,528,266</u>	<u>\$66,989</u>

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,577,998	\$1,357,748	\$220,250
Special Revenue	705,898	613,671	92,227
Debt Service	30,200	30,019	181
Enterprise	3,550,006	2,281,664	1,268,342
Total	<u>\$5,864,102</u>	<u>\$4,283,102</u>	<u>\$1,581,000</u>

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Village Council adopts 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 State pays the Village amounts equaling these deductions. The Village includes these with Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half payment is due December 31. The second half payment is due the following June 20.

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

Property owners assess tangible personal property tax. They must file a list of tangible 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 the Village's behalf.

**VILLAGE OF WINTERSVILLE
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(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 the Regional Income Tax Agency (RITA) 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, 2005 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OWDA Loan 2587	\$1,604,273	5.00%
OWDA Loan 2588	907,156	5.20%
General Obligation Bonds	617,200	5.87%
Building Construction Note	85,134	4.67%
Sam's Way Loan	166,797	4.32%
Total	<u>\$3,443,560</u>	

The Ohio Water Development Authority Loan (OWDA) loans relate to a water and sewer plant expansion project that was mandated by the Ohio Environmental Protection Agency. The loans will be repaid in semiannual installments over 20 years. The loan is 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. Bonds were used to repay bond issues relating to the purchase and remodeling of the Village Complex. 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 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.

The Sam's Way Note is a note used to finance a paving project in a particular neighborhood. Property of citizens living on that street has been assessed and the assessments will be collected though property tax collections of the County Auditor.

Amortization of the above debt, including interest, follows:

**VILLAGE OF WINTERSVILLE
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

6. Debt (Continued)

Year ending December 31:	OWDA Loan	OWDA Loan	General Obligation Bonds	Building Construction Note	Sam's Way Note
2006	\$366,592	\$157,867	\$75,754	\$14,020	\$20,893
2007	366,591	157,867	75,694	\$14,020	20,893
2008	366,591	157,867	75,813	\$14,020	20,893
2009	366,592	157,867	75,558	\$14,019	20,894
2010	366,592	157,867	76,725	\$14,019	20,894
2011-2015		394,668	383,763	31,664	104,467
2016-2021			76,890		
Total	<u>\$1,832,958</u>	<u>\$1,184,003</u>	<u>\$840,197</u>	<u>\$101,762</u>	<u>\$208,934</u>

7. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time 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 the plans' retirement benefits, including postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2005 and 2004, OP&F participants contributed 10 percent of their wages. The Village contributed an amount equal to 19.5 percent of police participant wages. OPERS members contributed 8.5 percent of their wages. The Village contributed an amount equal to 13.55 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2005.

9. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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



Auditor of State Betty Montgomery

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 the Village Council:

We have audited the financial statements of the Village of Wintersville, Jefferson County, (the Village) as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated September 18, 2006, 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 that 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 because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. 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 to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Village's management dated September 18, 2006, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the Village's management dated September 18, 2006, we reported other matters related to noncompliance we deemed immaterial.

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We intend this report solely for the information and use of the audit committee, management, and Village Council. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

September 18, 2006



**Auditor of State
Betty Montgomery**

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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 30, 2006**