



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, 2016	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, 2016	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 (Prepared by Management)	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, 2016.

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 Government 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 opinion on this accounting basis is in the *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 of the Village as of December 31, 2016, or changes in financial position thereof for the year then ended.

Basis for Qualified Opinion on Agency Fund Type

Fines, licenses and permit receipts and other disbursements are reported as \$109,540 and \$107,869, respectively, for the year ended December 31, 2016, which are 100% of the Agency fund receipts and disbursements. We were unable to obtain sufficient audit evidence supporting these amounts. Consequently, we were unable to determine whether any adjustment to these amounts were necessary.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion on Regulatory Basis of Accounting* paragraph, the financial statements referred to above present fairly, in all material respects, the combined cash balances and disbursements of the Agency Fund of the Village of Wintersville, Jefferson County as of December 31, 2016 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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the General, Special Revenue, Debt Service, Capital Projects and Enterprise funds of the Village of Wintersville, Jefferson County as of December 31, 2016, and its combined cash receipts and disbursements for the years 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 November 30, 2017, 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, flowing style.

Dave Yost
Auditor of State
Columbus, Ohio

November 30, 2017

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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, 2016**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$178,551	\$380,763	\$0	\$0	\$559,314
Municipal Income Tax	1,076,379				1,076,379
Intergovernmental	59,576	186,337		531,120	777,033
Special Assessments	0	10,183			10,183
Charges for Services	69,996	744			70,740
Fines, Licenses and Permits	89,412	8,060			97,472
Earnings on Investments	2,063	4			2,067
Miscellaneous	20,104	150			20,254
<i>Total Cash Receipts</i>	<u>1,496,081</u>	<u>586,241</u>	<u>0</u>	<u>531,120</u>	<u>2,613,442</u>
Cash Disbursements					
Current:					
Security of Persons and Property	608,928	382,916			991,844
Public Health Services	16,017				16,017
Leisure Time Activities	13,386				13,386
Community Environment	984				984
Basic Utility Services					0
Transportation	307,573	122,160			429,733
General Government	417,357	238			417,595
Capital Outlay		94,134		531,120	625,254
Debt Service:					
Principal Retirement		20,000	29,800		49,800
Interest and Fiscal Charges		1,029	530		1,559
<i>Total Cash Disbursements</i>	<u>1,364,245</u>	<u>620,477</u>	<u>30,330</u>	<u>531,120</u>	<u>2,546,172</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>131,836</u>	<u>(34,236)</u>	<u>(30,330)</u>	<u>0</u>	<u>67,270</u>
Other Financing Receipts (Disbursements)					
Transfers In		18,000	30,306		48,306
Transfers Out	(48,309)				(48,309)
Advances In	40,993	40,933			81,926
Advances Out	(40,993)	(40,933)			(81,926)
Other Financing Sources		19,380			19,380
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(48,309)</u>	<u>37,380</u>	<u>30,306</u>	<u>0</u>	<u>19,377</u>
<i>Net Change in Fund Cash Balances</i>	83,527	3,144	(24)	0	86,647
<i>Fund Cash Balances, January 1</i>	<u>214,969</u>	<u>179,912</u>	<u>24</u>	<u>0</u>	<u>394,905</u>
Fund Cash Balances, December 31					
Restricted		183,056			183,056
Unassigned (Deficit)	298,496				298,496
<i>Fund Cash Balances, December 31</i>	<u>\$298,496</u>	<u>\$183,056</u>	<u>\$0</u>	<u>\$0</u>	<u>\$481,552</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, 2016**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts			
Charges for Services	\$2,480,551	\$0	\$2,480,551
Fines, Licenses and Permits		109,540	109,540
<i>Total Operating Cash Receipts</i>	<u>2,480,551</u>	<u>109,540</u>	<u>2,590,091</u>
Operating Cash Disbursements			
Personal Services	431,430		431,430
Employee Fringe Benefits	256,415		256,415
Contractual Services	945,140		945,140
Supplies and Materials	217,089		217,089
Other	850	107,869	108,719
<i>Total Operating Cash Disbursements</i>	<u>1,850,924</u>	<u>107,869</u>	<u>1,958,793</u>
<i>Operating Income (Loss)</i>	<u>629,627</u>	<u>1,671</u>	<u>631,298</u>
Non-Operating Receipts (Disbursements)			
Intergovernmental	85,691		85,691
Other Debt Proceeds	311,036		311,036
Miscellaneous Receipts	5,429		5,429
Capital Outlay	(627,939)		(627,939)
Principal Retirement	(329,108)		(329,108)
Interest and Other Fiscal Charges	(45,014)		(45,014)
Other Financing Sources	3,757		3,757
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(596,148)</u>	<u>0</u>	<u>(596,148)</u>
<i>Net Change in Fund Balance</i>	33,479	1,671	35,150
Transfers In	<u>3</u>		<u>3</u>
<i>Net Change in Fund Cash Balances</i>	33,482	1,671	35,153
<i>Fund Cash Balances, January 1</i>	<u>1,331,306</u>	<u>0</u>	<u>1,331,306</u>
<i>Fund Cash Balances, December 31</i>	<u>\$1,364,788</u>	<u>\$1,671</u>	<u>\$1,366,459</u>

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

Village of Wintersville, Ohio
Jefferson County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 1 - Reporting Entity

The Village of Wintersville (the Village), Jefferson County, is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. 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.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

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 - The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for maintenance and repair of streets within the Village.

Fire Levy Fund - The Fire Levy fund receives levy money for the payment on fire protection contracts.

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 - The Bonded Debt Service fund accumulates money for the repayment of bonded debt.

Village of Wintersville, Ohio
Jefferson County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 2 - Summary of Significant Accounting Policies – (Continued)

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 Gumps Lane Water Lines Fund – This fund accounts for the Ohio Public Works Commission funding that is paid on behalf of the Village for a water line replacement project.

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 - The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

Sewer Fund - The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

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

Basis of Accounting

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.

Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted 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. The Village Council must annually approve appropriation measures and subsequent amendments. Appropriations lapse at year end.

Village of Wintersville, Ohio
Jefferson County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 2 - Summary of Significant Accounting Policies – (Continued)

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

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

A summary of 2016 budgetary activity appears in Note 3.

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.

Capital Assets

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

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.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

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

Restricted Fund balance is reported as 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.

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.

Village of Wintersville, Ohio
Jefferson County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 2 - Summary of Significant Accounting Policies – (Continued)

Assigned Amounts in the assigned fund balance classification are intended to be used by the Village for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the Village Council or a Village official delegated that authority by resolution or by State Statute. State Statute authorizes the Village Auditor to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not contained 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.

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,602,800	\$1,537,074	(\$65,726)
Special Revenue	2,150,240	664,554	(1,485,686)
Debt Service	35,100	30,306	(4,794)
Capital Projects	521,291	531,120	9,829
Enterprise	5,329,136	2,886,464	(2,442,672)
Total	\$9,638,567	\$5,649,518	(\$3,989,049)

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,569,300	\$1,453,547	\$115,753
Special Revenue	2,070,637	661,410	1,409,227
Debt Service	35,100	30,330	4,770
Capital Projects	521,291	531,120	(9,829)
Enterprise	5,925,906	2,852,985	3,072,921
Total	\$10,122,234	\$5,529,392	\$4,592,842

Village of Wintersville, Ohio
Jefferson County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 4 – 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:

Demand deposits	\$1,598,011
Certificates of deposit	<u>250,000</u>
Total deposits	<u>1,848,011</u>

Deposits

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

Note 5 – Taxes

Property Taxes

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.

Income Taxes

The Village levies a municipal income tax of 2 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. the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

Note 6 - Risk Management

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

Village of Wintersville, Ohio
Jefferson County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. 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, 2016.

Ohio Police and Fire Retirement System

The Village’s full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members’ wages. The Village has paid all contributions required through December 31, 2016.

Note 8 - Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits, and OP&F contributes 0.5 percent to fund these benefits.

Note 9 - Debt

Debt outstanding at December 31, 2016 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Special Assessment Bond	\$15,000	4.60%
Ohio Public Works Commission Loan CT32J	\$55,000	0.00%
Ohio Public Works Commission Loan CN40M	\$29,490	0.00%
Ohio Public Works Commission Loan CT46O	\$425,000	0.00%
Ohio Public Works Commission Loan CT71P	\$278,731	0.00%
Ohio Water Development Authority Loan 6281	\$1,942,479	1.00%
Ohio Water Development Authority Loan 6554	\$108,010	1.00%
Ohio Water Development Authority Loan 6774	\$2,081,299	1.00%
Ohio Water Development Authority Loan 7434	\$47,434	1.00%
Total	<u>\$4,982,443</u>	

Village of Wintersville, Ohio
Jefferson County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 9 – Debt – (Continued)

A special assessment 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 first scheduled payment on this issue is July 1, 2017. The loan is collateralized by sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. The Village continues to receive loan proceeds on this loan. No amortization schedule is available at this time.

Ohio Public Works Commission (OPWC) Loan CT46O 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 multi-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 used for the planning of phase III of the EPA mandated upgrades to the Village's Wastewater Treatment Plant. The loan is collateralized by sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. The Village is still receiving loan proceeds in 2017.

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.

Ohio Water Development Authority (OWDA) Loan 7434 is being used for phase V 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. The Village is still receiving loan proceeds in 2017 with repayment to begin in 2018.

Village of Wintersville, Ohio
Jefferson County
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 9 – Debt – (Continued)

Amortization

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

Year ending December 31:	Special Assessment	OPWC		
	Bonds	OPWC CT32J	CN40M	OPWC CT460
2017	\$15,690	\$5,000	2,184	\$25,000
2018		5,000	2,184	25,000
2019		5,000	2,184	25,000
2020		5,000	2,184	25,000
2021		5,000	2,184	25,000
2022-2026		25,000	10,923	125,000
2027-2031		5,000	7,647	125,000
2032-2036				50,000
Total	<u>\$15,690</u>	<u>\$55,000</u>	<u>\$29,490</u>	<u>\$425,000</u>

Year ending December 31:	OWDA 6774	OWDA 6281	OWDA 6554	OWDA 7434
	2017	\$126,630	\$124,536	\$75,536
2018	126,630	124,536	75,536	43,164
2019	126,630	124,536	37,768	43,164
2020	126,630	124,536		43,164
2021	126,630	124,536		43,164
2022-2026	633,150	622,680		215,820
2027-2031	633,150	622,680		43,164
2032-2036	387,538	249,072		
Total	<u>\$2,286,988</u>	<u>\$2,117,112</u>	<u>\$188,840</u>	<u>\$431,640</u>



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, 2016, and the related notes to the financial statements and have issued our report thereon dated November 30, 2017 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 receipts and disbursements.

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 opinion 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 material weaknesses and a significant deficiency.

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 2016-002 and 2016-004 described in the accompanying schedule of findings to be material weaknesses.

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 finding 2016-003 described in the accompanying schedule of findings to be a significant deficiency.

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 an instance of noncompliance or other matters we must report under *Government Auditing Standards*, which is described in the accompanying schedule of findings as item 2016-001.

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.

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

November 30, 2017

Village of Wintersville
Jefferson County
Schedule of Findings
For the Year Ended December 31, 2016

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

FINDING NUMBER 2016-001

Finding For Recovery – Mayor’s Court

Ohio Rev. Code § 9.39 provides that public officials are liable for all public money received or collected by them or by their subordinates under the color of office. The Magistrate Court Clerk is responsible for collecting, recording, and depositing Magistrate Court receipts. For the time period of April 1, 2015 to December 31, 2015, Angela Householder was the Magistrate Court Clerk.

Monies collected on behalf of the Magistrate Court were not always deposited with the Village depository. For the period of April 1, 2015 to December 31, 2015, \$3,368 in cash receipts were posted to the magistrate court monthly cashbook but were never deposited with the Village’s depository.

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 liable for the amount of such expenditure. *Seward v. National Surety Co.*, 120 Ohio St. 47 (1929); 1980 Op. Att’y Gen.No. 80-074, Ohio Rev. Code Section 9.39, State ex rel. *Village of Linndale v. Mastern* ;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 stolen property. 1980 Att’y Gen. No. 80-074.24.

In accordance with the forgoing facts and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public money collected but not accounted for is hereby issued against Angela Householder, Magistrate Court Clerk, and Western Surety Company, her bonding company, for \$3,368 and in favor of the Magistrate’s Court fund.

FINDING NUMBER 2016-002

Material Weakness

Posting of Receipts and Expenditures

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 Fiscal Officer did not correctly post all receipts and disbursements in 2016. This was attributed to the Village Fiscal Officer not abiding by the adopted chart of accounts. The Fiscal Officer has agreed to and posted the following reclassifications and adjustments, which are reflected in the accompanying financial statements:

RECLASSIFICATIONS:		
Fund	Detail	Amount
Street Construction, Maintenance, & Repair (2011)	to reclassify capital outlay expenditures that were posted as contractual services	\$94,134
WPCLF Phase 2 (5208)	to reclassify capital outlay expenditures that were posted as contractual services	237,800
OPWC Phase 4 (5210)	to reclassify capital outlay expenditures that were posted as contractual services	115,893
State Highway (2021)	to reclassify Permissive Motor Vehicle License Tax posted as intergovernmental revenue	20,733

Village of Wintersville
Jefferson County
Schedule of Findings
For the Year Ended December 31, 2016

FINDING NUMBER 2016-002
(Continued)

ADJUSTMENTS:			
From Fund:	To Fund:	Detail	Amount
OPWC Moon Valley (2063)	OPWC Moon Valley (4102)	To adjust for Issue II money posted to the wrong fund type.	\$61,121
Issue II Gumps Lane – Water (2062)	Issue II Gumps Lane (4101)	To adjust for Issue II activity posted to the wrong fund type.	405,299
	Issue II Gumps Lane (4101)	To bring on Issue II money not recorded on the village books.	64,700
OPWC – Phase 4	OPWC – Phase 4	To adjust for Issue II funding which was posted to the books twice.	53,182
OPWC Phase 2 (5207)	OPWC Phase 2 (5207)	To adjust for debt proceeds recorded in the wrong funds and line items.	311,036
WPCLF - Phase 2 (5208)	WPCLF – Phase 2 (5208)		
WPCLF - Phase 3 (5209)	WPCLF – Phase 3 (5209)		
OPWC - Phase 4 (5210)	OWDA – Phase 5 (5211)		
OWDA - Phase 5 (5211)			
	Magistrate Court (Agency Fund)	To adjust for 2015 Magistrate's court activity which was not properly recorded on Village books. This adjustment was needed to reconcile the Magistrate's Court account.	185
	Magistrate Court (Agency Fund)	To adjust for 2015 Magistrate court activity not properly recorded on the Village books. This adjustment was needed to reconcile the Magistrate Court account.	(4,128)
	Magistrate Court (Agency Fund)	To adjust for Magistrate court activity not properly recorded on the Village books.	2,198
	Magistrate Court (Agency Fund)	To adjust for Magistrate court activity not recorded on the Village books. This adjustment was needed to reconcile the Magistrate Court account.	3,535

Village of Wintersville
Jefferson County
Schedule of Findings
For the Year Ended December 31, 2016

FINDING NUMBER 2016-002
(Continued)

The Village did not have procedures in place to properly record the above items. Failure to consistently follow a uniform chart of accounts increases the possibility the Village will not be able to identify, assemble, classify, record, and report its transactions correctly or to document compliance with finance-related legal and contractual requirements.

The Village Fiscal Officer should review the current procedures for recording receipts and disbursement and review the UAN chart of accounts to determine the proper account codes in which to record various transactions.

The Village Fiscal Officer should maintain the accounting system to enable the Village to identify, assemble, analyze, classify, record, and report all transactions and to help main accountability. The Village should adopt procedures for the review of posted transactions and subsequent reporting on the financial statements.

FINDING NUMBER 2016-003

Significant Deficiency

Cash Reconciliation

The Fiscal Officer did not prepare accurate monthly bank reconciliations because there were a few errors in reconciling items. In addition, procedures were not 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 Fiscal Officer has agreed to and posted the adjustment which is reflected in the accompanying financial statements.

Fund Name	Account Type	Amount	Description
General	General Government Expenditures	(\$331)	Unidentified posting errors

The Fiscal Officer should prepare accurate monthly bank to book reconciliations to help reasonably ensure the Village has accounted for all transactions. The Fiscal Officer should investigate and document all discrepancies and errors noted when preparing the monthly reconciliations.

In addition, the Fiscal Officer 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.

Village of Wintersville
Jefferson County
Schedule of Findings
For the Year Ended December 31, 2016

FINDING NUMBER 2016-004

Material Weakness

Magistrate Court Cycle

The Village Magistrate Court is required to establish internal control procedures to ensure proper recording of court transactions. In addition, personnel should be adequately trained to perform duties regarding the recording of court activities and monthly monitoring of financial activity should be completed to ensure completeness and accuracy.

The Village lacked internal control policies and procedures for collecting, recording, and distributing Magistrate Court revenues. Specific weaknesses identified in the current system are:

- Receipts and disbursements are not always posted to the cashbook; therefore the cashbook is not complete.
- In FY 16, for the months of September through December, cash activity was not recorded in the format of a cashbook with receipts, expenditures and a cash balance.
- Deposits are not always made in a timely manner.
- Supporting documentation is not always maintained for deposits.
- Amounts collected are not always paid out to the appropriate entity.
- Monthly reconciliations are not prepared.
- Credit card fees are not always reported and recorded in the cash journal.
- The Magistrate Clerks were not properly trained regarding court record keeping requirements.
- Receipts totaling \$56 were recorded in the cash ledger but never deposited to the bank.

The risk of not addressing these weaknesses increases the risk of theft and/or fraud of Village assets and that Magistrate Court receipts and disbursements are not properly recorded, distributed, and reported.

Specific policies and procedures for the Magistrate Court activity should be established, approved by Council, and made available to employees. The policies and procedures should include but not limited to:

- All receipts and disbursements should be posted to the cashbook to ensure a complete and accurate record of collections.
- Deposits should be made daily and should be reconciled to the daily collections prior to deposit.
- Supporting documentation should be maintained for all deposits.
- Accurate monthly bank reconciliations should be prepared and reviewed by a supervisor.
- Monthly reports should accurately reflect the monthly collections and distributions.
- All collections, fees, and disbursements should be reported to the Village Fiscal Officer for accurate recording on the Village ledgers
- The Magistrate Court Clerk should attend annual training for court clerks to ensure an understanding of records required to document court financial activity.

Village of Wintersville
Jefferson County
Schedule of Findings
For the Year Ended December 31, 2016

FINDING NUMBER 2016-004
(Continued)

Establishing and implementing internal control policies and procedures for the Magistrate Court activity may help ensure the Village is collecting the revenue that is due and distributing and reporting the collections accurately.

Official's Response: No responses received from officials.

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VILLAGE OF WINTERSVILLE
 200 GROVE STREET
 WINTERSVILLE, OHIO 43953-3866
 (740-266-3175)

Walt Ziemba- Village Administrator - Bob Gale -Mayor

PRIOR AUDIT SCHEDULE OF FINDINGS

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2015-001	Finding for recovery – overpayment of Village Administrator	Yes – fully repaid in 2016	
2015-002	Finding for recovery – overpayment of Village Employee	Yes – fully repaid in 2016	
2015-003	Material Non-Compliance – ORC 5705.39	Yes	
2015-004	Material Non-Compliance - ORC 5075.36(A)(4)	Yes	
2015-005	Material Non-Compliance - ORC 5075.41(B)	Yes	
2015-006	Material weakness – Posting of Receipts and Expenditures	No	Repeated in current year audit as finding 2016-002.
2015-007	Significant Deficiency – Fund Balance Policy	Yes	
2015-008	Significant Deficiency – Cash Reconciliation	No	Repeated in current year audit as finding 2016-003

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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
JANUARY 4, 2018