



**VILLAGE OF WINCHESTER
ADAMS COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF WINCHESTER
ADAMS COUNTY

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INDEPENDENT ACCOUNTANTS' REPORT

Village of Winchester
Adams County
P. O. Box 156
Winchester, Ohio 45697

To the Village Council:

We have audited the accompanying financial statements of the Village of Winchester, Adams County, Ohio (the Village), as of and for the years ended December 31, 2000 and 1999. 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 generally accepted auditing standards 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 discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 2000 and 1999, 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 our report dated April 12, 2001, 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 grants. That report is an integral part of our audit performed in accordance with the *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

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

Jim Petro
Auditor of State

April 12, 2001

**VILLAGE OF WINCHESTER
ADAMS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$45,546	\$32,529	\$0	\$78,075
Intergovernmental Receipts	95,520	36,087	87,570	219,177
Fines, Licenses, and Permits	16,964	1,325		18,289
Earnings on Investments	21,526			21,526
Miscellaneous	1,567			1,567
Total Cash Receipts	<u>181,123</u>	<u>69,941</u>	<u>87,570</u>	<u>338,634</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	34,997	34,828		69,825
Public Health Services	1,637			1,637
Community Environment	300			300
Transportation		16,238		16,238
General Government	74,973	715		75,688
Capital Outlay		3,530	86,156	89,686
Total Disbursements	<u>111,907</u>	<u>55,311</u>	<u>86,156</u>	<u>253,374</u>
Total Receipts Over/(Under) Disbursements	<u>69,216</u>	<u>14,630</u>	<u>1,414</u>	<u>85,260</u>
Other Financing Receipts/(Disbursements):				
Advances-In	1,899		485	2,384
Advances-Out	(485)		(1,899)	(2,384)
Total Other Financing Receipts/(Disbursements)	<u>1,414</u>	<u>0</u>	<u>(1,414)</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>70,630</u>	<u>14,630</u>	<u>0</u>	<u>85,260</u>
Fund Cash Balances, January 1	<u>86,996</u>	<u>49,701</u>	<u>0</u>	<u>136,697</u>
Fund Cash Balances, December 31	<u>\$157,626</u>	<u>\$64,331</u>	<u>\$0</u>	<u>\$221,957</u>
Reserves for Encumbrances, December 31	<u>\$31,671</u>	<u>\$0</u>	<u>\$0</u>	<u>\$31,671</u>

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

**VILLAGE OF WINCHESTER
ADAMS 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, 2000**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$285,601	\$0	\$285,601
Miscellaneous	6,475		6,475
Total Operating Cash Receipts	<u>292,076</u>	<u>0</u>	<u>292,076</u>
Operating Cash Disbursements:			
Personal Services	60,525		60,525
Fringe Benefits	11,815		11,815
Contractual Services	99,461		99,461
Supplies and Materials	21,198		21,198
Capital Outlay	7,346		7,346
Total Operating Cash Disbursements	<u>200,345</u>	<u>0</u>	<u>200,345</u>
Operating Income/(Loss)	<u>91,731</u>	<u>0</u>	<u>91,731</u>
Non-Operating Cash Receipts:			
Other Non-Operating Receipts		20,492	20,492
Total Non-Operating Cash Receipts	<u>0</u>	<u>20,492</u>	<u>20,492</u>
Non-Operating Cash Disbursements:			
Debt Service	19,500		19,500
Other Non-Operating Cash Disbursements		20,447	20,447
Total Non-Operating Cash Disbursements	<u>19,500</u>	<u>20,447</u>	<u>39,947</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	72,231	45	72,276
Transfers-In	39,500		39,500
Transfers-Out	<u>(39,500)</u>		<u>(39,500)</u>
Net Receipts Over/(Under) Disbursements	72,231	45	72,276
Fund Cash Balances, January 1	<u>294,828</u>	<u>50</u>	<u>294,878</u>
Fund Cash Balances, December 31	<u>\$367,059</u>	<u>\$95</u>	<u>\$367,154</u>
Reserve for Encumbrances, December 31	<u>\$39,430</u>	<u>\$0</u>	<u>\$39,430</u>

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

VILLAGE OF WINCHESTER
ADAMS COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Property Tax and Other Local Taxes	\$49,775	\$34,301	\$0	\$0	\$84,076
Intergovernmental Receipts	24,717	38,165		218,975	281,857
Fines, Licenses, and Permits	29,231	2,105			31,336
Earnings on Investments	15,701	25			15,726
Miscellaneous	5,806	336	2,806		8,948
Total Cash Receipts	125,230	74,932	2,806	218,975	421,943
Cash Disbursements:					
Current:					
Security of Persons and Property	34,010	29,885			63,895
Public Health Services	1,434				1,434
Transportation		16,523			16,523
General Government	53,499	1,631			55,130
Debt Service:					
Principal Payments			2,699		2,699
Interest Payments			107		107
Capital Outlay	15,440	17,434		220,874	253,748
Total Disbursements	104,383	65,473	2,806	220,874	393,536
Total Receipts Over/(Under) Disbursements	20,847	9,459	0	(1,899)	28,407
Other Financing Receipts/(Disbursements):					
Transfers-In		1,555			1,555
Advances-In				1,899	1,899
Transfers-Out	(1,555)				(1,555)
Advances-Out	(1,899)				(1,899)
Other Financing Sources		468			468
Other Financing Uses	(468)				(468)
Total Other Financing Receipts/(Disbursements)	(3,922)	2,023	0	1,899	0
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	16,925	11,482	0	0	28,407
Fund Cash Balances, January 1	70,071	38,219	0	0	108,290
Fund Cash Balances, December 31	\$86,996	\$49,701	\$0	\$0	\$136,697
Reserves for Encumbrances, December 31	\$911	\$0	\$0	\$0	\$911

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

**VILLAGE OF WINCHESTER
ADAMS 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, 1999**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$263,447	\$0	\$263,447
Miscellaneous	9,296		9,296
	<u>272,743</u>	<u>0</u>	<u>272,743</u>
Operating Cash Disbursements:			
Personal Services	57,754		57,754
Fringe Benefits	12,985		12,985
Contractual Services	106,497		106,497
Supplies and Materials	29,428		29,428
Capital Outlay	20,713		20,713
	<u>227,377</u>	<u>0</u>	<u>227,377</u>
Operating Income/(Loss)	<u>45,366</u>	<u>0</u>	<u>45,366</u>
Non-Operating Cash Receipts:			
Other Non-Operating Receipts		35,588	35,588
	<u>0</u>	<u>35,588</u>	<u>35,588</u>
Non-Operating Cash Disbursements:			
Debt Service	20,100		20,100
Other Non-Operating Cash Disbursements		35,583	35,583
	<u>20,100</u>	<u>35,583</u>	<u>55,683</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	25,266	5	25,271
Transfers-In	40,100		40,100
Transfers-Out	(40,100)		(40,100)
Net Receipts Over/(Under) Disbursements	25,266	5	25,271
Fund Cash Balances, January 1	<u>269,562</u>	<u>45</u>	<u>269,607</u>
Fund Cash Balances, December 31	<u>\$294,828</u>	<u>\$50</u>	<u>\$294,878</u>
Reserve for Encumbrances, December 31	<u>\$5,065</u>	<u>\$0</u>	<u>\$5,065</u>

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

**VILLAGE OF WINCHESTER
ADAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Winchester, Adams 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. The Village provides general governmental services, including water and sewer utilities, street lighting, road maintenance 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 Deposits

The Village has certificates of deposit and a Money Market Account which are valued at cost.

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Fund

These funds are used to 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.

Police Levy Fund - This fund receives tax monies for providing police protection services.

**VILLAGE OF WINCHESTER
ADAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Debt Service Fund

These funds are used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following significant Debt Service Fund:

Cruiser Debt Fund - This fund receives monies for the payment of the debt on the police cruiser.

4. Capital Project 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 Project Funds:

OPWC CT51C Devore Subdivision Improvement Fund - The fund receives public works monies for water, sewer and road improvements within the Devore Subdivision.

Dorsey Road Fund - This fund receives public works monies for water, sewer and road improvements on Dorsey Road.

5. 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.

6. Fiduciary Funds (Agency Fund)

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary fund. The Village uses an agency fund to account for the proceeds of court cases that are heard by the Mayor of the Village.

E. Budgetary Process

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

**VILLAGE OF WINCHESTER
ADAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level during 1999 and fund, function or object level of control during 2000, and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

3. 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. The Village did not encumber all commitments required by Ohio law.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

2. EQUITY IN POOLED CASH DEPOSITS

The Village maintains a cash deposits pool used by all funds except for Mayor's court which is maintained in a separate account. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash deposits, including \$50 in cash on hand, at December 31 was as follows:

	<u>2000</u>	<u>1999</u>
Demand deposits	\$ 226,882	\$ 59,231
Money Market Account	177,229	187,344
Certificates of deposit	<u>185,000</u>	<u>185,000</u>
Total deposits	<u>\$ 589,111</u>	<u>\$ 431,575</u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's public entity deposit pool.

**VILLAGE OF WINCHESTER
ADAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 108,240	\$ 183,022	\$ 74,782
Special Revenue	65,067	69,941	4,874
Capital Projects	101,105	88,055	(13,050)
Enterprise	294,500	331,576	37,076
Total	\$ 568,912	\$ 672,594	\$ 103,682

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 199,122	\$ 144,063	\$ 55,059
Special Revenue	111,674	55,311	56,363
Capital Projects	205,664	88,055	117,609
Enterprise	600,009	298,775	301,234
Total	\$ 1,116,469	\$ 586,204	\$ 530,265

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 88,717	\$ 125,230	\$ 36,513
Special Revenue	68,858	76,955	8,097
Debt Service	2,883	2,806	(77)
Capital Projects	248,938	220,874	(28,064)
Enterprise	266,000	312,843	46,843
Total	\$ 675,396	\$ 738,708	\$ 63,312

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 158,788	\$ 109,216	\$ 49,572
Special Revenue	97,939	65,473	32,466
Debt Service	2,883	2,806	77
Capital Projects	1,000	220,874	(219,874)
Enterprise	535,560	292,642	242,918
Total	\$ 796,170	\$ 691,011	\$ 105,159

**VILLAGE OF WINCHESTER
ADAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

Ohio Public Works money granted to the Village were not properly appropriated for fiscal years 2000 and 1999. Contrary to Ohio law, expenditures exceeded appropriations in the Ohio Public Works Commission Devore Subdivision Improvement Fund by \$218,975 for 1999 and \$85,671 for 2000.

Contrary to Ohio law, appropriations exceeded estimated revenue in the Agri-Business Enterprise Center Grant Capital Projects Fund for 2000 by \$192,000.

4. PROPERTY TAX

Real 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 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.

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, 2000 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Sanitary Sewerage System Revenue Bonds	\$ 138,000	5%

The Sanitary Sewerage System Revenue Bonds relate to a sewer plant expansion project. The Village approved bonds of \$340,700 for this project in January 1972. The bonds will be repaid in annual installments, including interest, over 39 years as reflected in the scheduled payment amount below. The bonds are collateralized by sewer receipts. The Village has agreed to set utility rates sufficient to cover debt service requirements.

**VILLAGE OF WINCHESTER
ADAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

5. DEBT (Continued)

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

Year ending December 31:	Sanitary Sewerage System Revenue Bonds
2002	\$ 18,900
2003	18,300
2004	18,700
2005	18,050
2006	18,400
Subsequent	<u>85,350</u>
Total	<u>\$ 177,700</u>

6. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Police and Firemen's Disability and Pension Funds (PFDPF). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, members of PFDPF contributed 10% of their wages to the PFDPF. The Village contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries for 1999 and 10.84% of participants' for 2000. The Village has paid all contributions required through December 31, 2000.

7. RISK MANAGEMENT

The Village is a member of the Ohio Municipal League Joint Self Insurance Pool (the Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool may assess supplemental premiums. The following risks are covered by the Pool:

- General liability and casualty
- Public official's liability
- Vehicle

The Village also provides health insurance to full-time employees through a private carrier.

**VILLAGE OF WINCHESTER
ADAMS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

8. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

9. SUBSEQUENT EVENTS

On December 20, 2000, the Environmental Protection Agency (EPA) passed administrative orders for the Village to update the wastewater treatment plant to permit standards. The Village has applied for a \$50,000 loan from the Ohio EPA and the Ohio Water Development Authority's Village Capital Improvement Fund for improvements to the Wastewater Treatment Plant. The Village will possibly have to raise sewer rates in the near future to offset the expenditures caused by the EPA administrative orders.

On February 5, 2001, the Village awarded a bid to A&B Construction in the amount of \$274,762 for the Adams Agri-Business Enterprise Center project.

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STATE OF OHIO
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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

Village of Winchester
Adams County
P.O. Box 156
Winchester, Ohio 45697

To the Village Council:

We have audited the accompanying financial statements of the Village of Winchester, Adams County, Ohio (the Village), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated April 12, 2001. We conducted our audit in accordance with generally accepted auditing standards 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's 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 tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2000-30401-001 through 2000-30401-004. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated April 12, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the Village's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 2000-30401-004.

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 the risk that misstatements in amounts that would be material in relation to the financials statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe the reportable condition described above is a material weakness.

Village of Winchester
Adams County
Report on Compliance and on Internal Control Required by
Government Auditing Standards
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We also noted other matters involving the internal control structure over financial reporting that do not require inclusion in this report that we have reported to the management of the Village in a separate letter dated April 12, 2001.

This report is intended for the information and use of management, and Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

April 12, 2001

VILLAGE OF WINCHESTER
ADAMS COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999

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

FINDING NUMBER 2000-30401-001

Noncompliance Citation

Ohio Rev. Code, Section 5705.39, states that the total appropriation from each fund should not exceed the total estimated revenue. Fiscal year 2000 appropriations exceeded estimated revenue in the Agri-Business Enterprise Center Grant Capital Projects Fund:

Appropriations	Estimated Resources	Variance
204,664	12,535	192,129

This condition was the result of the Clerk/Treasurer making an estimated certificate amendment without having the appropriation amendment approved by Council and therefore the appropriation amendment was declared invalid. We recommend that all appropriation amendments be presented to Council, listed and approved in the minute record.

FINDING NUMBER 2000-30401-002

Noncompliance Citation

Ohio Rev. Code, Section 5705.41(B), prohibits disbursements in excess of appropriations. The Ohio Public Works Commission Devore Subdivision Rehabilitation Fund had year-end disbursements in excess of appropriations:

Fiscal Year	Appropriations	Actual Disbursements	Variance
1999	0	218,975	(218,975)
2000	0	85,671	(85,671)

This condition was the result of the Clerk/Treasurer making appropriation amendments that were not approved by Council and therefore had to be declared invalid. We recommend that all appropriation amendments be presented to Council, listed and approved in the minute record.

FINDING NUMBER 2000-30401-003

Noncompliance Citation

Ohio Rev. Code, Section 5705.40, allows any appropriation measure to be amended or supplemented, as long as, the Village complies with the same provisions of the law as are used in making the original appropriation. Furthermore, Council is prohibited from delegating duties statutorily assigned to it, such as the ability to amend appropriations. The Clerk/Treasurer was posting appropriation amendments to the accounting system without prior approval of Council. We recommend that all appropriation amendments be presented to Council, listed and approved in the minutes.

FINDING NUMBER 2000-30401-004

Noncompliance Citation/ Reportable Condition

Ohio Rev. Code, Section 5705.41(D), provides that a subdivision or taxing unit shall not make any contract or order involving the disbursement of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such certificate shall be null and void and no warrant shall be issued in payment.

This Section also provides for two exceptions to the above requirements:

1. Then and Now Certificates - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of previous encumbrances, the Village Council may authorize the issuance of a warrant in payment of amount due upon such contract or order by resolution within thirty (30) days from the receipt of such certificate; and
2. If the amount involved is less than one thousand dollars (\$1,000), the fiscal officer may authorize payment through a Then and Now Certificate without affirmation of the Village Council, if such expenditure is otherwise valid.

Prior certification in the form of a purchase order or a then and now certification, was not obtained for 30% of vouchers reviewed in 2000 and 25% of the vouchers reviewed in 1999. Failure to properly certify expenditures can result in overspending funds and negative cash fund balances. We recommend the Village properly certify all funds before making any expenditure.



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OFFICE OF THE AUDITOR

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VILLAGE OF WINCHESTER

ADAMS 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
MAY 15, 2001**