



Dave Yost • Auditor of State

VILLAGE OF WINTERSVILLE
JEFFERSON COUNTY

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Dave Yost • Auditor of State

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

To 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 an 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 adverse 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 "Dave Yost".

Dave Yost
Auditor of State

July 19, 2012

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Dave Yost • Auditor of State

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 the Village of Wintersville, Jefferson County, (the Village) as of and for the years ended December 31, 2011 and 2010. 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(A) mandates 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.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's 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 GAAP presentation requirements. The Auditor of State permits, but does not require Villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. 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.

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, 2011 and 2010 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, 2011 and 2010, or its changes in financial position 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 as of December 31, 2011 and 2010 of Village of Wintersville, Jefferson County, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 1 during 2011 the Village adopted Governmental Accounting Standards Board Statement No. 54, fund balance reporting and Governmental type definitions.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 19, 2012, 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.



Dave Yost
Auditor of State

July 19, 2012

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, 2011

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Debt Service	
Cash Receipts				
Property and Other Local Taxes	\$164,847	\$324,588		\$489,435
Municipal Income Tax	840,185			840,185
Intergovernmental	102,210	254,392		356,602
Special Assessments	46,583	28,969		75,552
Charges for Services	54,279			54,279
Fines, Licenses and Permits	84,040	10,166		94,206
Earnings on Investments	3,229			3,229
Miscellaneous	34,994	3,292		38,286
<i>Total Cash Receipts</i>	<u>1,330,367</u>	<u>621,407</u>		<u>1,951,774</u>
Cash Disbursements				
Current:				
Security of Persons and Property	579,016	473,262		1,052,278
Public Health Services	11,762			11,762
Leisure Time Activities	19,517			19,517
Community Environment	5,800			5,800
Transportation	267,702	214,720		482,422
General Government	274,513	586		275,099
Debt Service:				
Principal Retirement		47,749	\$22,344	70,093
Interest and Fiscal Charges		9,571	8,259	17,830
<i>Total Cash Disbursements</i>	<u>1,158,310</u>	<u>745,888</u>	<u>30,603</u>	<u>1,934,801</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>172,057</u>	<u>(124,481)</u>	<u>(30,603)</u>	<u>16,973</u>
Other Financing Receipts (Disbursements)				
Transfers In		48,000	31,400	79,400
Transfers Out	(79,400)			(79,400)
Advances In	116,329	131,329		247,658
Advances Out	(131,329)	(116,329)		(247,658)
Other Financing Sources		1,952		1,952
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(94,400)</u>	<u>64,952</u>	<u>31,400</u>	<u>1,952</u>
<i>Net Change in Fund Cash Balances</i>	<u>77,657</u>	<u>(59,529)</u>	<u>797</u>	<u>18,925</u>
<i>Fund Cash Balances, January 1</i>	<u>234,936</u>	<u>236,872</u>	<u>2,102</u>	<u>473,910</u>
Fund Cash Balances, December 31				
Restricted		177,343	2,899	180,242
Unassigned (Deficit)	312,593			312,593
Fund Cash Balances, December 31	<u>\$312,593</u>	<u>\$177,343</u>	<u>\$2,899</u>	<u>\$492,835</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 FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Proprietary Fund Types	Fiduciary Fund Types	Totals (Memorandum Only)
	Enterprise	Agency	
Operating Cash Receipts:			
Charges for Services	\$2,283,697		\$2,283,697
Fines, Licenses and Permits		\$111,666	111,666
<i>Total Operating Cash Receipts</i>	<u>2,283,697</u>	<u>111,666</u>	<u>2,395,363</u>
Operating Cash Disbursements			
Personal Services	438,287		438,287
Employee Fringe Benefits	227,751		227,751
Contractual Services	890,336		890,336
Supplies and Materials	215,579		215,579
Other	10,221	111,666	121,887
<i>Total Operating Cash Disbursements</i>	<u>1,782,174</u>	<u>111,666</u>	<u>1,893,840</u>
<i>Operating Income (Loss)</i>	<u>501,523</u>		<u>501,523</u>
Non-Operating Receipts (Disbursements)			
Miscellaneous Receipts	22,167		22,167
Capital Outlay	(97,458)		(97,458)
Principal Retirement	(206,685)		(206,685)
Interest and Other Fiscal Charges	(33,622)		(33,622)
Other Financing Sources		4	4
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(315,598)</u>	<u>4</u>	<u>(315,594)</u>
<i>Net Change in Fund Cash Balances</i>	185,925	4	185,929
<i>Fund Cash Balances, January 1</i>	<u>668,581</u>	<u>189</u>	<u>668,770</u>
<i>Fund Cash Balances, December 31</i>	<u>\$854,506</u>	<u>\$193</u>	<u>\$854,699</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, 2010**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Property and Local Taxes	\$173,375	\$327,813			\$501,188
Municipal Income Tax	756,642				756,642
Intergovernmental	102,823	565,762		\$469,660	1,138,245
Special Assessments		9,613			9,613
Charges for Services	52,492				52,492
Fines, Licenses and Permits	86,779	11,256			98,035
Earnings on Investments	4,099				4,099
Miscellaneous	18,141	76			18,217
Total Cash Receipts	1,194,351	914,520		469,660	2,578,531
Cash Disbursements:					
Current:					
Security of Persons and Property	523,329	413,683			937,012
Public Health Services	11,275				11,275
Leisure Time Activities	29,483	10,000			39,483
Community Environment	6,301				6,301
Basic Utility Service		264,300		241,426	505,726
Transportation	403,193	275,498		215,189	893,880
General Government	320,605	508			321,113
Debt Service:					
Redemption of Principal		41,863	\$21,040		62,903
Interest and Fiscal Charges		11,182	9,653		20,835
Capital Outlay				56,734	56,734
Total Cash Disbursements	1,294,186	1,017,034	30,693	513,349	2,855,262
Total Receipts Over/(Under) Disbursements	(99,835)	(102,514)	(30,693)	(43,689)	(276,731)
Other Financing Receipts / (Disbursements):					
Proceeds from Sale of Public Debt:					
Sale of Notes				43,689	43,689
Transfers-In		130,000	31,000		161,000
Transfers-Out	(161,000)				(161,000)
Advances-In	179,391	188,329			367,720
Advances-Out	(188,329)	(179,391)			(367,720)
Other Financing Sources		1,741			1,741
Other Financing Uses	(604)				(604)
Total Other Financing Receipts / (Disbursements)	(170,542)	140,679	31,000	43,689	44,826
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(270,377)	38,165	307		(231,905)
Fund Cash Balances, January 1	505,313	198,707	1,795		705,815
Fund Cash Balances, December 31	\$234,936	\$236,872	\$2,102		\$473,910

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 FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Proprietary Fund Types	Fiduciary Fund Types	Totals (Memorandum Only)
	Enterprise	Agency	
Operating Cash Receipts:			
Charges for Services	\$2,223,813		\$2,223,813
Fines, Licenses and Permits		\$121,495	121,495
Total Operating Cash Receipts	2,223,813	121,495	2,345,308
Operating Cash Disbursements:			
Personal Services	326,493		326,493
Employee Fringe Benefits	164,602		164,602
Contractual Services	817,300		817,300
Supplies and Materials	207,103		207,103
Other	200	121,495	121,695
Total Operating Cash Disbursements	1,515,698	121,495	1,637,193
Operating Income/(Loss)	708,115	0	708,115
Non-Operating Cash Receipts:			
Miscellaneous Receipts	27,625		27,625
Other Non-Operating Cash Receipts		200	200
Total Non-Operating Cash Receipts	27,625	200	27,825
Non-Operating Cash Disbursements:			
Capital Outlay	185,821		185,821
Redemption of Principal	540,806		540,806
Interest and Other Fiscal Charges	55,967		55,967
Other Non-Operating Cash Disbursements		11	11
Total Non-Operating Cash Disbursements	782,594	11	782,605
Net Receipts Over/(Under) Disbursements	(46,854)	189	(46,665)
Fund Cash Balances, January 1	715,435		715,435
Fund Cash Balances, December 31	\$668,581	\$189	\$668,770

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, 2011 AND 2010**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Wintersville, Jefferson County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water, sewer, and sanitation utilities, park operations, police, and general government services. The Village contracts with the Wintersville Volunteer Fire Department to receive fire protection services.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village 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 Auditor of State prescribes or permits.

C. Deposits and Investments

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

The Village values Certificates of Deposits at cost.

D. Fund Accounting

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

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 private-purpose 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.

**VILLAGE OF WINTERSVILLE
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

3. Debt Service Funds

These funds account for resources the Village accumulates to pay bond and note debt. The Village had the following significant Debt Service Funds:

Bond Debt Service Fund - This fund accumulates monies for the repayment of bonded debt.

4. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project funds:

Ohio Public Works Commission Grant Water Tank Project Fund – This fund receives grant proceeds for a Village Water Tank Refurbishment project.

Ohio Public Works Commission Grant Knolls Project Fund – This fund receives grant proceeds for a Village Waterline Replacement project.

5. Enterprise Funds

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

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

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

Sanitation Fund - This fund receives charges for services from residents to cover sanitation service costs.

6. Fiduciary Funds

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

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

VILLAGE OF WINTERSVILLE
JEFFERSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)

1. Summary of Significant Accounting Policies (Continued)

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. 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 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.

A summary of 2011 and 2010 budgetary activity appears in Note 3.

F. Fund Balance

For December 31, 2011, fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

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

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

VILLAGE OF WINTERSVILLE
JEFFERSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)

1. Summary of Significant Accounting Policies (Continued)

3. Committed

Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. Property, Plant, and Equipment

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

H. Accumulated Leave

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

2. Equity in Pooled Deposits and Investments

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

	2011	2010
Demand deposits	\$1,247,534	\$1,042,680
Certificates of deposit	100,000	100,000
Total deposits	<u>\$1,347,534</u>	<u>\$1,142,680</u>

**VILLAGE OF WINTERSVILLE
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

2. Equity in Pooled Deposits and Investments (Continued)

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, 2011 and 2010 follows:

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,345,047	\$1,330,367	(\$14,680)
Special Revenue	656,362	671,359	14,997
Debt Service	31,400	31,400	0
Enterprise	2,305,865	2,305,864	(1)
Total	\$4,338,674	\$4,338,990	\$316

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,382,083	\$1,237,710	\$144,373
Special Revenue	932,721	745,888	186,833
Debt Service	33,600	30,603	2,997
Enterprise	2,868,503	2,119,939	748,564
Total	\$5,216,907	\$4,134,140	\$1,082,767

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,220,609	\$1,194,351	(\$26,258)
Special Revenue	1,063,393	1,046,261	(17,132)
Debt Service	31,000	31,000	0
Capital Projects	456,615	513,349	56,734
Enterprise	2,233,130	2,251,438	18,308
Total	\$5,004,747	\$5,036,399	\$31,652

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,842,433	\$1,455,790	\$386,643
Special Revenue	1,096,968	1,017,034	79,934
Debt Service	34,200	30,693	3,507
Capital Projects	241,426	513,349	(271,923)
Enterprise	2,967,841	2,298,292	669,549
Total	\$6,182,868	\$5,315,158	\$867,710

**VILLAGE OF WINTERSVILLE
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

3. Budgetary Activity (Continued)

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority for the years ended December 31, 2010 and 2011 as follows:

2010:

Fund	Appropriations	Expenditures	Variance
Emergency Medical Services Levy	\$72,231	\$77,608	\$5,377
Community Development Block Grant Knolls	\$10,000	\$264,300	\$254,300
Ohio Public Works Commission Knolls Project	\$0	\$271,923	\$271,923

2011:

Street Construction, Maintenance, and Repair	\$186,450	\$205,348	\$18,898
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Also, contrary to Ohio law, appropriations exceeded the amounts certified by the Budget Commission as available for expenditure for the years ended December 31, 2010 and 2011 as follows:

2010:

Fund	Estimated Resources	Appropriations	Variance
Drug Assistance Resistance & Education Grant	\$20,639	\$22,800	\$2,161
Public Works Dump Truck Grant	\$0	\$40,000	\$40,000
Police Pension and Disability	\$55,802	\$78,050	\$22,248
Sam's Way	\$14,685	\$33,188	\$18,503
Fire Levy	\$124,010	\$161,000	\$36,990
Nature Works Grant	\$20,000	\$25,075	\$5,075
Water Replacement and Improvement	\$144,223	\$155,900	\$11,677
Sanitation Replacement and Improvement	\$52,352	\$57,200	\$4,848

2011:

Drug Assistance Resistance and Education Grant Fund	\$6,916	\$21,000	\$14,084
Police Pension and Disability Fund	\$27,621	\$85,550	\$57,929
Lead's Grant Fund	\$25,219	\$27,500	\$2,281
Old Police Levy Fund	\$110,557	\$122,500	\$11,943
K-9 Fund	\$3,526	\$19,500	\$15,974
Nature Works Grant Fund	\$0	\$10,000	\$10,000

**VILLAGE OF WINTERSVILLE
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

4. Property Tax

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

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. Local Income Tax

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 the Village 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, 2011 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority Loan #2588	\$225,001	5.00%
General Obligation Bonds	\$327,400	4.60%-5.87%
Building Construction Note	\$16,794	4.67%
Sam's Way Note	\$84,097	4.32%
Special Assessment Bond	\$90,000	4.60%
Ohio Public Works Commission Loan #CT32J	\$80,000	0.00%
Ohio Public Works Commission Loan #CN40M	\$40,412	0.00%
Chase Equipment Loan	\$49,372	4.20%
Total	<u>\$913,076</u>	

The Ohio Water Development Authority (OWDA) loan relates to a water and sewer plant expansion project the Ohio Environmental Protection Agency mandated. The Village will repay the loan 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 issue and a street repaving project. The General Obligation bonds are collateralized by the Village's taxing authority. The Village intends to repay bonds through local income tax receipts and charges for services.

**VILLAGE OF WINTERSVILLE
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

6. Debt (Continued)

The additional bond issue was used to repave Garden Drive and install curbs. A special assessment was placed on property owners and is collected by the County Auditor through property tax collections. The Village intends to repay bonds with the special assessments collected.

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 was used to finance a paving project in a particular neighborhood. A special assessment has been placed on the property owners on the street and will be collected through property tax collections of the County Auditor.

The Ohio Public Works Commission Loans were used to finance a road paving and reconstruction project and a Water Tank Refurbishment Project. The loan is collateralized by the Village taxing authority.

The Chase Equipment Loan was used to finance the purchase of an excavator. The loan will be repaid in annual installments over 5 years. The loan is collateralized by the Village taxing authority and the water and sewer charges for services receipts.

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

Year ending December 31:	Special Assessment Bond	OPWC Loan CT32J	OPWC Loan CN40M	Chase Equipment Loan
2012	\$19,140	\$5,000	\$2,184	\$26,252
2013	18,450	5,000	2,184	26,252
2014	17,760	5,000	2,184	
2015	17,070	5,000	2,184	
2016	16,380	5,000	2,184	
2017-2021	15,690	25,000	10,920	
2022-2026		25,000	10,920	
2027-2030		5,000	7,652	
Total	<u>\$104,490</u>	<u>\$80,000</u>	<u>\$40,412</u>	<u>\$52,504</u>

Year ending December 31:	OWDA Loan #2588	General Obligation Bonds	Building Construction Note	Sam's Way Note
2012	\$157,867	\$70,309	\$14,020	\$23,329
2013	78,933	76,689	3,608	23,329
2014		76,929		23,329
2015		76,929		23,435
2016		78,891		
Total	<u>\$236,800</u>	<u>\$379,747</u>	<u>\$17,628</u>	<u>\$93,422</u>

**VILLAGE OF WINTERSVILLE
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011 AND 2010
(Continued)**

7. Retirement Systems

The Village's certified full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2011 and 2010, OP&F participants contributed 10% of their wages. For 2011 and 2010, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2011 and 2010, 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, 2011.

8. Risk Management

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

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Dave Yost • Auditor of State

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 Village Council:

We have audited the financial statements of Village of Wintersville, Jefferson County (the Village) as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated July 19, 2012 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. In addition, we noted the Village implemented Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. We also noted 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(A) mandates the Auditor of State to audit Ohio governments. 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 as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

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 deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider findings 2011-05 and 2011-06 described in the accompanying schedule of findings to be material weaknesses.

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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2011-01 through 2011-04.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated July 19, 2012.

We intend this report solely for the information and use of management, Village Council, and others within the Village. We intend it for no one other than these specified parties.



Dave Yost
Auditor of State

July 19, 2012

**VILLAGE OF WINTERSVILLE
JEFFERSON COUNTY**

SCHEDULE OF FINDINGS

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

Finding Number 2011-01

Noncompliance Citation

Ohio Revised Code Section 5705.10(C) requires all revenue derived from a special levy shall be credited to a special fund for the purpose for which the levy was made.

The Village did not properly record fire levy proceeds in the Fire Levy Fund and recorded the fire levy proceeds in the Emergency Services Levy Fund, which resulted in the following adjustments. The Clerk/Treasurer and management have agreed to and posted the adjustments to the Village's accounting records. The corrected amounts are reflected in the accompanying financial statements.

2010:

Fund	Account Type	Amount	Description
Fire Levy	Local taxes receipts	\$31,173	Levy proceeds were posted to the Emergency Service Fund

2011:

Fire Levy	Local taxes receipts	\$33,774	Levy proceeds were posted to the Emergency Service Fund
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Village levy proceeds should be posted to the correct funds in accordance with the levy's purpose. This will help ensure proper compliance, accurate reporting, and proper use of public funds.

Finding Number 2011-02

Noncompliance Citation

Ohio Revised Code Section 5705.41 (D) provides that no subdivision shall make any contract or give any order involving the expenditure 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. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in Sections 5705.41(D)(1) and 5705.41(D)(3), respectively of the Ohio Revised Code.

1. **Then and Now Certificate** – 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 any previous encumbrances, the Village may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid. If the amount involved is less than \$3,000 the fiscal officer may authorize payment through a Then and Now Certificate without affirmation of the Village Council if such expenditure is otherwise valid.

**Finding Number 2011-02
 (Continued)**

2. **Blanket Certificate** – Fiscal officers may prepare “blanket” certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not be, limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

3. **Super Blanket Certificate** – The Village may also make expenditures and contracts for any amount from a specific line item appropriation in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket may be outstanding a particular time for any line item appropriation.

The Clerk/Treasurer did not certify or record the amount against the applicable appropriation accounts for 93% of tested expenditures in 2010 and 44% in 2011. The Village did not properly utilize the certification exceptions described above for those expenditures lacking prior certification.

Failure to certify the availability of funds and encumber appropriations for the full amount of the expenditure could result in overspending and negative cash balances. Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village’s funds exceeding budgetary spending limitations, the Clerk/Treasurer should certify that the funds are or will be available prior to obligation by the Village. When prior certification is not possible, “then and now” certification should be used.

The Clerk/Treasurer should certify the full purchase amounts to which section Ohio Revised Code Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language which Ohio Revised Code Section 5705.41(D) requires for the authorization of disbursements. The Clerk/Treasurer should sign the certification prior to incurring a commitment, and only when the requirements of Ohio Revised Code Section 5705.41(D) are satisfied. The Clerk/Treasurer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

Finding Number 2011-03

Noncompliance Citation

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

Expenditures exceeded appropriations in for following:

2010:

Fund	Appropriations	Expenditures	Variance
Emergency Medical Services Levy	\$72,231	\$77,608	(\$5,377)
Community Development Block Grant Knolls	\$10,000	\$264,300	(\$254,300)
Ohio Public Works Commission Knolls Project	\$0	\$271,923	(\$271,923)

2011:

Street Construction, Maintenance, and Repair	\$186,450	\$205,348	\$18,898
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The failure to limit expenditures plus encumbrances to the amount appropriated by the Village Council could result in overspending and negative cash balance. The Clerk/Treasurer should not certify the availability of funds and should deny payment requests exceeding appropriations. The Clerk/Treasurer may request the Board to approved increase expenditure levels by increasing appropriations and amending estimated resources, if necessary.

Finding Number 2011-04

Noncompliance Citation

Ohio Revised Code Section 5705.39 states in part that the total appropriations from each fund shall not exceed the total estimated resources available in that fund. Appropriations exceeded estimated resources in the following funds in 2010 and 2011:

2010:

Fund	Estimated Resources	Current Year Appropriations	Variance
Drug Assistance Resistance and Education Grant	\$20,639	\$22,800	\$2,161
Public Works Dump Truck Grant	\$0	\$40,000	\$40,000
Police Pension and Disability	\$55,802	\$78,050	\$22,248
Sam's Way	\$14,685	\$33,188	\$18,503
Fire Levy	\$124,010	\$161,000	\$36,990
Nature Works Grant	\$20,000	\$25,075	\$5,075
Water Replacement and Improvement	\$144,223	\$155,900	\$11,677
Sanitation Replacement and Improvement	\$52,352	\$57,200	\$4,848

2011:

Fund	Estimated Resources	Current Year Appropriations	Variance
Drug Assistance Resistance and Education Grant	\$6,916	\$21,000	\$14,084
Police Pension and Disability	\$27,621	\$85,550	\$57,929
Lead's Grant	\$25,219	\$27,500	\$2,281
Old Police Levy	\$110,557	\$122,500	\$11,943
K-9	\$3,526	\$19,500	\$15,974
Nature Works Grant	\$0	\$10,000	\$10,000

Failure to limit appropriations to the amount certified by the budget commission could result in overspending and negative cash balances.

The Village should compare appropriations to estimated resources and if adequate resources are available for additional appropriations, the Village should submit an amended certificate of estimated resources to the budget commission for certification. If the resources are not available to cover the appropriations, an amendment to the appropriation resolution should be passed by Village Council to reduce appropriations.

Finding Number 2011-05

Material Weakness

The Clerk/Treasurer did not prepare monthly accurate bank reconciliations; therefore the Village did not maintain accounting records sufficient to 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 adjustments were necessary to reconcile the accounting records to the confirmed bank balances. The Clerk/Treasurer has agreed to the adjustments and these corrected amounts are reflected in the accompanying financial statements. The adjustments have been posted to the Village's accounting records.

2010:

Fund Name	Account Type	Amount	Description
General	General government expenditures	\$1,648	Expenditures had not been posted to the ledgers
General	Earnings on investments revenue	(\$115)	Interest had been posted to the General Fund in error.
Magistrate Court	Other financing sources revenue	\$189	Transaction had not been posted to the village ledgers.
Police Fund Raising	Security expenditures	(\$80)	An expenditure had been posted to the ledgers twice.

2011:

Fund Name	Account Type	Amount	Description
General	General government expenditures	\$543	Bank fees and withdrawals had not been posted to the village ledgers.
General	Miscellaneous revenue	\$310	Revenue had not been posted to the village ledgers..

The Clerk/Treasurer should prepare accurate monthly bank to book reconciliations to reasonably assure that the Village has accounted for all transactions. The Clerk/Treasurer should investigate and document all discrepancies and errors noted when preparing the monthly reconciliations.

In addition, the Clerk/Treasurer and the Council should carefully review the Village's current cash cycle procedures, identify the weaknesses and implement procedures to adequately safeguard the Village's assets. Improving the cash cycle procedures will strengthen control over the Village's assets, reduce the risk of errors going undetected, and provide accurate financial records to the Village's management.

Finding Number 2011-06

Material Weakness

The Village Clerk/Treasurer did not correctly post all receipts and disbursements in 2010 and 2011, which resulted in reclassifications and adjustments to the financial statements. The Village Clerk/Treasurer has agreed to the reclassifications and these corrected amounts are reflected in the accompanying financial statements. The adjustments have been posted to the accounting ledgers.

2010:

Fund	Account Type	Amount	Description
Adjustment			
Fire Levy	Security of persons & property expenditures	\$31,173	Expenditures had been posted to the Emergency Service Fund
Water Tank Issue II	Intergovernmental revenue Proceeds of notes Capital outlay expenditures	\$197,737 \$43,689 \$241,426	To correctly record Issue II revenue & expenditures in a Capital Project Fund
Knolls Issue II	Intergovernmental revenue Capital outlay expenditures	\$215,189	To correctly record Issue II revenue and expenditures in a Capital Project Fund
Knolls Issue II	Intergovernmental revenue Capital outlay expenditures	\$53,734	To record Issue II revenue and expenditures which had not been posted to the ledgers
Reclassifications:			
Street Construction, Maintenance, and Repair	Redemption of Principal	\$2,781	Amount was recorded as interest and other fiscal charges.
Sanitation Replacement and Improvement	Interest and Other Fiscal Charges	\$1,683	Amount was recorded as redemption of principal.

2011:

Fund	Account Type	Amount	Description
Adjustment			
Fire Levy	Security of persons & property expenditures	\$33,774	Expenditures had been posted to the Emergency Service Fund.
Reclassifications :			
Sanitation	Interest and other fiscal charges	\$510	Amount was recorded as redemption of principal.
Water Replacement and Repair	Interest and other fiscal charges	\$748	Amount was recorded as redemption of principal.
General	Special Assessments	\$46,583	Amount was recorded as local taxes.
Sam's Way	Special Assessments	\$19,579	Amount was recorded as local taxes.

Failure to consistently follow a uniform chart of accounts increases the possibility that the Village will not be able to identify, assemble, analyze, classify, record, and report its transactions correctly or to document compliance with finance-related legal and contractual requirements. Failure to maintain accurate monthly reconciliations increases the risk of discrepancies and errors going undetected. This also prohibits the Village from obtaining accurate cash balances at a given date.

Finding Number 2011-06

The Village Clerk/Treasurer should maintain the accounting system to enable the Village to identify, assemble, analyze, classify, record and report all transactions and to maintain accountability. The Clerk/Treasurer should review Auditor of State Bulletin 2002-004 which provides guidance for accounting for on behalf of grants that benefit the residents of the subdivision. The Village should adopt procedures for the review of posted transactions and subsequent reporting on the financial statements.

Officials Response:

We did not receive a response from officials to the findings reported above.

**VILLAGE OF WINTERSVILLE
JEFFERSON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2010 AND 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2009-001	Ohio Revised Code Section 5705.39 Appropriations exceeded Estimated Resources	No	Not corrected. Reissued as finding number 2011-04
2009-002	Ohio Revised Code Section 5705.41(D) Certification of Expenditures	No	Not corrected. Reissued as finding number 2011-02
2009-003	Ohio Revised Code Section 5705.41(B) Expenditures exceeded Appropriations	No	Not corrected. Reissued as finding number 2011-03
2009-004	Receipts and Disbursement Posting	No	Not corrected. Reissued as finding number 2011-06
2009-005	Posting of Appropriations and Estimated Resources	No	Partially corrected, reported in the current management letter

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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
DECEMBER 27, 2012