



OHIO AUDITOR OF STATE  
**KEITH FABER**





VILLAGE OF WINTERSVILLE  
JEFFERSON COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report .....	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types FYE 12/31/18 .....	3
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Proprietary and Fiduciary Fund Types FYE 12/31/18 .....	5
Notes to the Financial Statements FYE 12/31/18.....	7
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	17
Schedule of Findings.....	19
Summary Schedule of Prior Audit Findings (Prepared by Management) .....	25

**This page intentionally left blank.**

# OHIO AUDITOR OF STATE KEITH FABER



101 Central Plaza South  
700 Chase Tower  
Canton, Ohio 44702-1509  
(330) 438-0617 or (800) 443-9272  
EastRegion@ohioauditor.gov

## 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, Ohio (the Village) as of and for the year ended December 31, 2018.

### ***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 such 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 2 of the financial statements, the Village 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, 2018, and the respective changes in financial position thereof for the year then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Village of Wintersville, Jefferson County as of December 31, 2018, for the year 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 2.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 26, 2019, 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.



Keith Faber  
Auditor of State

Columbus, Ohio

August 26, 2019

**Village of Wintersville**  
*Jefferson County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2018*

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$192,124	\$175,510	\$367,634
Municipal Income Tax	1,108,628		1,108,628
Intergovernmental	46,943	366,646	413,589
Special Assessments		593	593
Charges for Services	73,693	3,036	76,729
Fines, Licenses and Permits	87,243	2,772	90,015
Earnings on Investments	11,612	313	11,925
Miscellaneous	34,545	8,889	43,434
<i>Total Cash Receipts</i>	<u>1,554,788</u>	<u>557,759</u>	<u>2,112,547</u>
<b>Cash Disbursements</b>			
Current:			
Security of Persons and Property	672,086	225,314	897,400
Public Health Services	15,020		15,020
Leisure Time Activities	84,475		84,475
Community Environment	993		993
Basic Utility Services		73,780	73,780
Transportation	343,699	291,072	634,771
General Government	455,348	71	455,419
Capital Outlay		180,000	180,000
Debt Service:			
Principal Retirement		5,000	5,000
<i>Total Cash Disbursements</i>	<u>1,571,621</u>	<u>775,237</u>	<u>2,346,858</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(16,833)</u>	<u>(217,478)</u>	<u>(234,311)</u>
<b>Other Financing Receipts (Disbursements)</b>			
Loans Issued		90,000	90,000
Transfers In		16,300	16,300
Transfers Out	(30,576)		(30,576)
Advances In	21,447	21,447	42,894
Advances Out	(21,447)	(21,447)	(42,894)
Other Financing Sources	27	41,464	41,491
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(30,549)</u>	<u>147,764</u>	<u>117,215</u>
Special Item	725		725
<i>Net Change in Fund Cash Balances</i>	<u>(46,657)</u>	<u>(69,714)</u>	<u>(116,371)</u>
<i>Fund Cash Balances, January 1</i>	<u>348,128</u>	<u>273,439</u>	<u>621,567</u>

**Village of Wintersville**  
*Jefferson County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2018*

	General	Special Revenue	Totals (Memorandum Only)
<b>Fund Cash Balances, December 31</b>			
Restricted	0	203,725	203,725
Assigned	75,000	0	75,000
Unassigned (Deficit)	226,471	0	226,471
<i>Fund Cash Balances, December 31</i>	<u>\$301,471</u>	<u>\$203,725</u>	<u>\$505,196</u>

*See accompanying notes to the basic financial statements*



**Village of Wintersville**  
*Jefferson County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Proprietary and Fiduciary Fund Types*  
*For the Year Ended December 31, 2018*

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Agency	
<b>Operating Cash Receipts</b>			
Charges for Services	\$2,393,082		\$2,393,082
Fines, Licenses and Permits		\$104,480	104,480
<i>Total Operating Cash Receipts</i>	<u>2,393,082</u>	<u>104,480</u>	<u>2,497,562</u>
<b>Operating Cash Disbursements</b>			
Personal Services	395,884		395,884
Employee Fringe Benefits	218,384		218,384
Contractual Services	961,825		961,825
Supplies and Materials	351,846		351,846
Other		104,480	104,480
<i>Total Operating Cash Disbursements</i>	<u>1,927,939</u>	<u>104,480</u>	<u>2,032,419</u>
<i>Operating Income</i>	<u>465,143</u>	<u>0</u>	<u>465,143</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Intergovernmental	465,748		465,748
Other Debt Proceeds	972,762		972,762
Miscellaneous Receipts	15,209		15,209
Capital Outlay	(1,466,716)		(1,466,716)
Principal Retirement	(406,336)		(406,336)
Interest and Other Fiscal Charges	(48,684)		(48,684)
Other Financing Sources	17,097		17,097
Other Financing Uses	(708)		(708)
<i>Total Non-Operating (Disbursements)</i>	<u>(451,628)</u>	<u>0</u>	<u>(451,628)</u>
<i>Income before Transfers</i>	13,515	0	13,515
Transfers In	14,276		14,276
<i>Net Change in Fund Cash Balances</i>	27,791	0	27,791
<i>Fund Cash Balances, January 1</i>	<u>1,469,207</u>	<u>1,688</u>	<u>1,470,895</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$1,496,998</u></u>	<u><u>\$1,688</u></u>	<u><u>\$1,498,686</u></u>

*See accompanying notes to the basic financial statements*

**This page intentionally left blank.**

**Village of Wintersville, Ohio**  
*Jefferson County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

---

**Note 1 – Reporting Entity**

The Village of Wintersville, 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. The Village is directed by a six-member council elected at large for four year terms. The Mayor is elected to a four-year term and votes only to break a tie.

The Village provides the following services to its citizens: police protection, park operations, building inspection, street maintenance and repairs, water, sewer and refuse collection. The Village contracts with the Wintersville Volunteer Fire Department to provide fire protection services.

**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 with a self-balancing set of accounts. The funds of the Village are presented below:

***General*** 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*** The street construction 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.

***Beechwood Subdivision Base Repair & Resurfacing*** This fund accounts for OPWC provided financial assistance in the amount of \$180,000 consisting of two OPWC projects which are CT54V in the amount of \$90,000 and is a grant and CT55V which is a \$90,000 0% loan for ten years commencing January 2, 2020 with semiannual payments.

**Village of Wintersville, Ohio**  
*Jefferson County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

---

**Proprietary Funds** The Village classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as either enterprise funds or internal service funds.

**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.

**Sanitation Fund** The sanitation fund accounts for the provision of refuse 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 Court fines, bond and waivers.

***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.

**Village of Wintersville, Ohio**  
*Jefferson County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

---

***Budgetary Process***

The Ohio Revised Code requires that each fund 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. Unencumbered appropriations lapse at year end.

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

A summary of 2018 budgetary activity appears in Note 4.

***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 up to 240 hours. 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 which the Village is bound to observe constraints imposed upon the use of the resources in the government funds. The classifications are as follows:

**Village of Wintersville, Ohio**  
*Jefferson County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

.....

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

***Assigned*** Amounts in the assigned fund balance classification are intended to be used by the Village of 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 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 – Compliance**

Contrary to Ohio Revised Code Section 5705.41 (B), budgetary expenditures exceeded the appropriation authority in the Street Special Revenue Fund by \$53,726.

**Village of Wintersville, Ohio**  
*Jefferson County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

**Note 4 – Budgetary Activity**

Budgetary activity for the year ending December 31, 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,878,777	\$1,576,987	(\$301,790)
Special Revenue	3,116,147	726,970	(2,389,177)
Enterprise	5,698,465	3,878,174	(1,820,291)
Fiduciary	116,688	104,480	(12,208)
Total	\$10,810,077	\$6,286,611	(\$4,523,466)

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,877,400	\$1,623,644	\$253,756
Special Revenue	3,064,473	796,684	2,267,789
Enterprise	5,688,061	3,850,383	1,837,678
Fiduciary	115,000	104,480	10,520
Total	\$10,744,934	\$6,375,191	\$4,369,743

**Note 5 – 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:

	2018
Demand deposits	\$1,652,228
Certificates of deposit	250,000
Other time deposits (savings and NOW accounts)	101,654
Total deposits	2,003,882

Deposits are insured by the Federal deposit Insurance Corporation or; collateralized through the Ohio Pooled Collateral System (OPCS); a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**Village of Wintersville, Ohio**  
*Jefferson County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

---

**Note 6 – 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.

***Income Taxes***

The Village levies a municipal income tax of 1% on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Regional Income Tax Agency either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**Note 7 – Risk Management**

Workers' Compensation coverage is provided by the State of Ohio. The Village pays the State Workers' Compensation System a premium based on a rate of \$100 of salaries. This rate is calculated based on accident history and administrative costs.

***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 Financial Statements*  
*For the Year Ended December 31, 2018*

---

**Note 8 – Defined Benefit Pension Plans**

The Village’s full-time police officers belong to the Ohio 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 post-retirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2018 OP&F participants contributed 12.25% of their wages and the Village contributed to OP&F an amount equal to 19.5% of full-time police members’ wages. For 2018 OPERS members contributed 10% of their gross salaries and the Village contributed an equaling 14% of the participants’ gross salaries. The Village has paid all contributions required through December 31 2018.

**Note 9 – 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. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2018. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2018. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F is changing its retiree health care model and the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

**Village of Wintersville, Ohio**  
*Jefferson County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

**Note 10 – Debt**

Debt outstanding at December 31, 2018 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Public Works Commission Loan CT32J	\$45,000	0.00%
Ohio Public Works Commission Loan CN40M	\$25,121	0.00%
Ohio Public Works Commission Loan CT46O	\$375,000	0.00%
Ohio Public Works Commission Loan CT71P	\$251,036	0.00%
Ohio Public Works Commission Loan CN28T	\$218,322	0.00%
Ohio Public Works Commission Loan CT55V	\$90,000	0.00%
Ohio Water Development Authority Loan 6281	\$1,730,675	1.00%
Ohio Water Development Authority Loan 6774	\$1,868,064	1.00%
Ohio Water Development Authority Loan 7434	\$265,840	1.00%
Ohio Water Development Authority Loan 7787	\$727,267	1.00%
Total	<u><u>\$5,596,325</u></u>	

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 CN40M 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 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 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 loan is collateralized by sewer receipts. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

Ohio Public Works Commission (OPWC) Loan CN28T is being used to finance phase IV 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, 2020. The loan is collateralized by sewer receipts. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements. The Village continues to receive loan proceeds on this loan. No amortization schedule is available at this time.

**Village of Wintersville, Ohio**  
*Jefferson County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

---

**Note 10 – Debt** (Continued)

Ohio Public Works Commission (OPWC) Loan CT55V was used to finance a road paving and reconstruction project. The loan is collateralized by the Village’s taxing authority.

Ohio Water Development Authority (OWDA) Loan 6281 was used for the planning of phase I 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.

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. This loan was paid off during 2018.

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.

Ohio Water Development Authority (OWDA) Loan 7787 is being used for phase IV 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 2018.

**Village of Wintersville, Ohio**  
*Jefferson County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

**Note 10 – Debt (Continued)**

**Amortization**

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

Year ending					
December 31:	<u>OWDA 7787</u>	<u>OPWC CT32J</u>	<u>OPWC CN40M</u>	<u>OPWC CT460</u>	<u>OPWC CT71P</u>
2019	38,347	5,000	2,184	25,000	13,946
2020	38,347	5,000	2,184	25,000	13,947
2021	38,347	5,000	2,184	25,000	13,946
2022	38,347	5,000	2,184	25,000	13,947
2023	38,347	5,000	2,184	25,000	13,946
2024-2028	191,735	20,000	10,923	125,000	69,732
2029-2033	191,735		3,278	125,000	69,732
2034-2038	191,735				41,840
2038-2042					
Total	<u>\$766,940</u>	<u>\$45,000</u>	<u>\$25,121</u>	<u>\$375,000</u>	<u>\$251,036</u>

Year ending				
December 31:	<u>OWDA 6774</u>	<u>OWDA 6281</u>	<u>OPWC CT55V</u>	<u>OWDA 7434</u>
2019	126,630	124,536	4,500	43,164
2020	126,630	124,536	9,000	43,164
2021	126,630	124,536	9,000	43,164
2022	126,630	124,536	9,000	43,164
2023	126,630	124,536	9,000	43,164
2024-2028	633,150	622,680	45,000	129,492
2029-2033	633,150	622,680	4,500	
2034-2038	134,278			
Total	<u>\$2,033,728</u>	<u>\$1,868,040</u>	<u>\$90,000</u>	<u>\$345,312</u>

# OHIO AUDITOR OF STATE KEITH FABER



101 Central Plaza South  
700 Chase Tower  
Canton, Ohio 44702-1509  
(330) 438-0617 or (800) 443-9272  
EastRegion@ohioauditor.gov

## 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 43952

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, 2018, and the related notes to the financial statements and have issued our report thereon dated August 26, 2019 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.

### ***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 opinions 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 a material weakness and significant deficiencies.

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 2018-002 described in the accompanying schedule of findings to be a material weakness.

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 findings 2018-003 and 2018-004 described in the accompanying schedule of findings to be significant deficiencies.

***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 2018-001.

***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 report is not suitable for any other purpose.



Keith Faber  
Auditor of State

Columbus, Ohio

August 26, 2019

**VILLAGE OF WINTERSVILLE  
JEFFERSON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2018**

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

**FINDING NUMBER 2018-001**

**Noncompliance – Disbursements Exceeded Appropriations**

**Ohio Rev. Code § 5705.41(B)** prohibits a subdivision from making any expenditure of money unless it has been properly appropriated. At December 31, 2018 disbursements of \$244,726 exceeded appropriations of \$191,000 in the Street Special Revenue Fund in the amount of \$53,726, or 22% of appropriations.

This is due to the Village not having a policy or procedures in place to review this information to help ensure compliance. Failure to have a policy in place and monitor appropriations could result in overspending and negative fund balances.

The Fiscal Officer should not certify the availability of funds and should deny payment requests exceeding appropriations. The Fiscal Officer should request Council to approve increased disbursement levels by increasing appropriations in the minutes and amending estimated resources, if necessary and available.

**FINDING NUMBER 2018-002**

**Material Weakness – Financial Reporting**

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; 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 as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The Fiscal Officer did not abide by the adopted chart of account in coding and classifying various transactions. This resulted in adjustments and reclassifications to the financial statements. The Village Fiscal Officer 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.

**Adjustments:**

<b>Fund Adjusted From:</b>	<b>Fund Adjusted To:</b>	<b>Explanation</b>	<b>Amount</b>
OPWC 2051 Special Revenue		To remove duplicate receipts/disbursements.	\$621,786 and \$132,359
OPWC 2051 Special Revenue	OWDA 5212 Enterprise	Loan Proceeds Receipts and Capital Outlay Disbursements posted to wrong fund.	11,803
	OPWC 2064 Special Revenue	Loan Proceeds and Intergovernmental Receipts and Capital Outlay Disbursements not posted to ledgers.	90,000, 90,000 and 180,000

**FINDING NUMBER 2018-002**  
 (Continued)

OWDA 5211 Enterprise		To remove duplicate posting.	72,880
OWDA 5212 Enterprise	OWDA 5211 Enterprise	To properly classify a disbursement posted to the wrong fund.	6,650
OWDA 5212 Enterprise		To remove duplicate posting.	8,092
OPWC 2051 Special Revenue	OWDA 5213 Enterprise	Intergovernmental Receipts from State DTL posted to wrong fund.	32,902
OPWC 2051 Special Revenue	OWDA 5213 Enterprise	Loan Proceeds Receipts and Capital Outlay Disbursement posted to the wrong fund and line item.	165,483
OPWC 2051 Special Revenue	OWDA 5213 Enterprise	Intergovernmental Receipts and Capital Outlay Disbursement posted to wrong fund and line item.	423,401
Magistrate Court Agency		To adjust for a payment from the court to correct a prior year error which was not properly posted.	3,342
OWDA Enterprise Fund 5212		Debt Proceeds Receipts and Capital Outlay Disbursements not posted to the ledgers.	85,764
OWDA Enterprise Fund 5213		Debt Proceeds Receipts and Capital Outlay Disbursements not posted to the ledgers.	52,839
	General	To adjust miscellaneous revenue on the financial statements to adjust bank and book balances to agree.	239

**Reclassifications:**

<b>Fund:</b>	<b>Reclassified To:</b>	<b>Explanation</b>	<b>Amount</b>
OWDA 5212 Enterprise	Capital Outlay Disbursement	To reclassify disbursements posted to Contractual Services disbursements.	\$647,323
OWDA 5212 Enterprise	Other Debt Proceeds	To reclassify receipts posted as Intergovernmental instead of Other Debt Proceeds.	656,873



**FINDING NUMBER 2018-002**  
 (Continued)

General Fund Unassigned Balance	General Fund Assigned Balance	To reclassify a portion of the General Fund not reported as assigned for outstanding purchase orders.	75,000
Sewer Enterprise 5102	Principal Expense	To reclassify a principal payment posted to interest and fiscal charges.	1,092

The adjustment in the OWDA 5211 Enterprise Fund led to a negative cash fund balance of \$6,650 as of December 31, 2018. Other mispostings were identified, however were not material and the Village decided not to make the adjustments.

Adjustments to the Financial Statement Notes include:

- The Deposits and Investments paragraph within the Summary of Significant Accounting Policies Note was not presented. In addition, Capital Projects funds were presented within this Note, however, had no activity or fund balance during 2018;
- The Deposits and Investments Note did not include accurate figures and did not agree to the financial statements;
- The Budgetary Activity Note did not include accurate comparison tables and figures;
- The Debt Note did not report accurate ending principal balances for each loan and the amortization table was not included. In addition, a description of each debt was not included; and
- The Post Employment Benefits note was included, however, did not include the most current information.

The Village did not have procedures in place to record transactions properly.

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 Fiscal Officer should maintain the accounting system to enable the Village to identify, assemble, analyze, classify, record, and report all transactions and to maintain accountability. All transactions should be properly coded and classified according to the UAN chart of accounts to help ensure that financial activity of the Village is accurately recorded and reported. In addition, the Village should review the financial statements and notes prior to report submission and ensure the most current version of the notes are used.

**FINDING NUMBER 2018-003**

**Significant Deficiency-Budgetary Amounts Not Recorded in the Accounting System**

Sound accounting practices require accurately posting estimated receipts and appropriations to the ledgers to provide information for budget versus actual comparison and to allow the Council to make informed decisions regarding budgetary matters.

The Appropriation resolution and subsequent amendments establish the legal spending authority of the Village and the appropriation ledger provides the process by which the Village controls spending, it is therefore necessary the amounts appropriated by the Council are precisely stated and accurately posted to the appropriation ledger.

**FINDING NUMBER 2018-003**  
 (Continued)

The original certificate and amendments establish the amounts available for expenditures for the Village and the receipts ledger provides the process by which the Village controls what is available, it is therefore necessary the amounts estimated by the County Budget Commission are posted accurately to the receipts ledger.

The following variances were identified:

<b>Fund</b>	<b>Appropriations Per Resolution</b>	<b>Appropriations Per Accounting System</b>	<b>Variance</b>	<b>Percentage</b>
General	\$1,877,400	\$1,895,600	\$18,200	0.97%
Street Special Revenue	191,000	245,150	54,150	28.35
Sewer Operating Proprietary	1,385,200	1,392,100	6,900	0.50

<b>Fund</b>	<b>Estimated Receipts Per Certificate</b>	<b>Estimated Receipts Per Accounting System</b>	<b>Variance</b>	<b>Percentage</b>
General	\$1,898,777	\$1,896,100	\$2,677	0.14%
Special Revenue:				
Street	200,790	191,000	9,790	4.88
Police Levy	137,218	136,604	614	0.45

The variance in the Street Special Revenue Fund of \$54,150 is significant to the financial statements and the financial statements have been adjusted.

The Village did not have procedures in place to accurately post authorized budgetary measures to the accounting system. The appropriations (and/or amendments thereof) approved by the Council were not properly posted to the accounting system. Additionally, the approved Certificate of Estimated Resources (and/or amendments thereof) was not posted to the accounting system.

Failure to accurately post the appropriations and estimated resources to the ledgers could result in overspending and negative cash balances.

To effectively control the budgetary cycle and to maintain accountability over receipts and expenditures, the Village should post to the ledgers, on a timely basis, estimated resources as certified by the budget commission and appropriations approved by the Council. The Village should then monitor budget versus actual reports to help ensure amended certificates of resources and appropriations have been properly posted to the ledgers.

## FINDING NUMBER 2018-004

### Significant Deficiency-Cash Reconciliation Process Errors

Sound accounting practices require that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

The reconciliation of cash (bank) balances to accounting system records (book) to the accounting system is the most basic and primary control process performed. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft and fraud to occur without timely detection.

The Fiscal Officer is responsible for reconciling the book (fund) balance to the total bank balance on a monthly basis, and the Council are responsible for reviewing the reconciliations and related support.

The Fiscal Officer did not prepare accurate monthly bank reconciliations since reconciling items presented on the December 2018 bank reconciliation were not accurate, thus, causing bank and book balances not to reconcile.

In addition, Auditor of State, Management Advisory Services (MAS) Bulletin 91-11 addresses the accounting procedures to follow regarding outstanding, stale dated checks issued by governmental entities. Section 9.39 of the Ohio Rev. Code provides that unclaimed money shall be paid into the treasury of the public office with which he is connected to the credit of a trust fund and shall be retained there until claimed by its lawful owner. If not claimed within a period of five years, the money shall revert to the General Fund of the Public Office.

A review of the December 2018 bank reconciliation identified the following:

- The General Fund needed a \$239 adjustment to be posted as a Miscellaneous receipt in order 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; and
- A review of the outstanding checklist determined two checks were included on the listing and outstanding for more than six months.

Failure to prepare accurate monthly bank reconciliations increases the possibility the Village will not be able to identify, assemble, analyze, classify, and record its transactions correctly or to document compliance with finance related legal and contractual requirements. Further, the lack of accurate monthly reconciliations increases the risk of theft/fraud over the cash cycle and could lead to inaccurate reporting in the annual financial statements. Finally, outstanding checks may result in a cumbersome and/or incorrect reconciliation.

The Fiscal Officer should record all transactions and prepare monthly bank to book cash reconciliations, which include all bank accounts and all fund balances. Variances should be investigated, documented and corrected. In addition, the Council should review the monthly cash reconciliations including the related support (such as reconciling items) and document the reviews. Finally, the Village should implement policies and procedures which include reviewing the outstanding checks for any stale dated checks and then place these checks in an unclaimed money fund as provided for in MAS Bulletin 91-11.

**Officials' Response:** We did not receive a response from Officials to the findings reported above.

**This page intentionally left blank.**

**Village of Wintersville**  
Office of the Administrator  
Municipal Complex, 200 Grove Street  
Wintersville, Ohio 43953

Phone: (740) 266-3175

Fax: (740) 266-3176

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2018**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2017-001	Material Weakness- Magistrate Court Cycle	Fully Corrected	
2017-002	Material Weakness- Budgetary Measures	No	Re-Issued as Finding 2018-003
2017-003	Material Weakness- Accurate Posting of Transactions	No	Re-Issued as Finding 2018-002
2017-004	Significant Deficiency- Cash Reconciliation Process Errors	No	Re-Issued as Finding 2018-004

A Growing Community

E-Mail: [wintersvilleoh@comcast.net](mailto:wintersvilleoh@comcast.net)

Web site: [www.wintersville.net](http://www.wintersville.net)

**This page intentionally left blank.**

# OHIO AUDITOR OF STATE KEITH FABER



**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  
SEPTEMBER 24, 2019**