

**Village of Warsaw  
Coshocton County  
Regular Audit  
For the Year Ended December 31, 2006**





Mary Taylor, CPA  
Auditor of State

Members of Council  
Village of Warsaw  
P.O. Box 399  
Warsaw, Ohio 43844-0399

We have reviewed the *Independent Auditors' Report* of the Village of Warsaw, Coshocton County, prepared by Perry and Associates, CPA's, A.C., for the audit period January 1, 2006 through December 31, 2006. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Warsaw is responsible for compliance with these laws and regulations.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

August 28, 2007

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Village of Warsaw  
Coshocton County

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*Perry & Associates*  
Certified Public Accountants, A.C.

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**INDEPENDENT ACCOUNTANTS' REPORT**

June 27, 2007

Village of Warsaw  
Coshocton County  
322 Mill Street  
P.O. Box 399  
Warsaw, Ohio 43844

To the Village Council:

We have audited the accompanying financial statements of the governmental and business-type activities, each major fund and the aggregate remaining fund information of the Village of Warsaw, Coshocton County, (the Village) as of and for the year ended December 31, 2006, which collectively comprise the Village's basic financial statements as listed in the table of contents. 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.

Except as discussed in paragraph four, 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' *Governmental 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. We believe our audit provides a reasonable basis for our opinions.

As described more fully in Note 2.C, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

We were unable to determine the completeness, occurrence, allocation, and rights and obligations of Charges for Services recorded in the Parks Fund, a Governmental Special Revenue Fund Type, nor were we able to satisfy ourselves as to those receipts by other auditing procedures. These Charges for Services revenues represent 16.24 percent of revenues of the Governmental Fund Type for the year ended December 31, 2006.

Also, in our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary, had we been able to obtain the information and documentation to support Charges for Services revenues in the Parks Fund, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Village as of December 31, 2006, and the respective changes in the cash financial position and the respective budgetary comparison for the General Fund, Street Construction, Maintenance, and Repair Fund, Parks Fund, and the Cemetery Endowment Fund, thereof for the year ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2007, 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.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information the Government Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

Respectfully Submitted,

**Perry and Associates**  
Certified Public Accountants, A.C.



This discussion and analysis of Village of Warsaw financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2006, within the limitations of the Village's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

### **Highlights**

Key highlight for 2006 are as follows:

- Net assets of governmental assets increased \$6,080, or 6.4 percent, a significant change from the prior year. The fund most affected by the increase in cash and cash equivalents was the General Fund.
- The Village's receipts are primarily Charges for Services and Local Government Funds. These receipts represent, respectively, 32.8% and 30.7% percent of the total cash received for governmental activities during the year. Property and other local tax receipts for 2006 changed very little compared to 2005 as development within the Village has slowed.
- The Governments business-type activities are the Water & Sewer operations. In the Water Operations, expenditures were \$70,956 and receipts were \$77,256. In the Sewer Operations, expenditures were \$104,645 and revenues totaled \$107,063.
- A Healthcare Reimbursement Fund was established for the medical related costs of the Village's Administrator. It was funded at \$7,000 in 2006.
- Council approved the lease of a John Deere tractor for the cemetery at a cost of \$18,680.

### **Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Village's cash basis of accounting.

### **Report Components**

The statement of net assets and the statement of activities provide information about the cash activities of the Village as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Village as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

## **Using the Basic Financial Statements (continued)**

### **Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Village has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Village's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

### **Reporting the Village as a Whole**

The statement of net assets and the statement of activities reflect how the Village did financially during 2006, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental and business-type activities of the Village at year-end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Village's general receipts.

These statements report the Village's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Village's financial health. Over time, increases or decreases in the Village's cash position is one indicator of whether the Village's financial health is improving or deteriorating. When evaluating the Village's financial condition, you should also consider other nonfinancial factors as well such as the Village's property tax base, the condition of the Village's capital assets and infrastructure, the extent of the Village's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the statement of net assets and the statement of activities, we divide the Village into two types of activities:

Governmental activities. Most of the Village's basic services are reported here, including police, fire, streets and parks. State and federal grants and income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Business-type activities. The Village has two business-type activities, the provision of water and sewer. Business-type activities are financed by a fee charged to the customers receiving the service.

### **Reporting the Village's Most Significant Funds**

Fund financial statements provide detailed information about the Village's major funds – not the Village as a whole. The Village establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Village are split into three categories: governmental, proprietary and fiduciary.

### **Reporting the Village's Most Significant Funds (continued)**

Governmental Funds - Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are

presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. . The Village's major governmental fund is the General, Street Construction, Maintenance and Repair Fund, Cemetery Fund, Parks Fund and the Cemetery Endowment Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements, if necessary.

Proprietary Funds – When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Village has two enterprise funds, the water and sewer fund. When the services are provided to other department of the Village, the service is reported as an internal service fund. The Village has one internal service fund to account for employee health-care claims.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the Village.

### The Village as a Whole

Table 1 provides a summary of the Government's net assets for 2006 compared to 2005 on a cash basis:

(Table 1)  
**Net Assets**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
<b>Assets</b>						
Cash and Cash Equivalents	\$63,837	\$54,502	\$25,178	\$20,094	\$89,015	\$74,596
Investments	36,740	39,995	115,969	112,558	152,709	152,553
Total Assets	<u>\$100,577</u>	<u>\$94,497</u>	<u>\$141,147</u>	<u>\$132,652</u>	<u>\$241,724</u>	<u>\$227,149</u>
<b>Net Assets</b>						
Restricted for:						
Capital Projects		508			-	508
Permanent Fund:						
Expendable	157	69			157	69
NonExpendable	31,740	29,995			31,740	29,995
Other Purposes	26,109	38,507	141,147	132,652	167,256	171,159
Unrestricted	<u>42,571</u>	<u>25,418</u>			<u>42,571</u>	<u>25,418</u>
Total Net Assets	<u>\$ 100,577</u>	<u>\$ 94,497</u>	<u>\$ 141,147</u>	<u>\$ 132,652</u>	<u>\$ 241,724</u>	<u>\$ 227,149</u>

As mentioned previously, net assets of governmental activities increased \$6,080 or 6.4 percent during 2006. This increase is attributed mainly to the General Fund.

**The Village as a Whole (continued)**

Table 2 reflects the changes in net assets on a cash basis in 2006 and 2005 for governmental activities, business-type activities and total primary government.

(Table 2)

**Changes in Net Assets**

	Governmental Activities 2006	Governmental Activities 2005	Business Type Activities 2006	Business Type Activities 2005	Total 2006	Total 2005
Receipts:						
Program Receipts:						
Charges for Services and Sales	\$ 84,234	\$ 81,151	\$ 180,630	\$ 182,455	\$ 264,864	\$ 263,606
Operating Grants and Contributions	26,774	23,339	-	-	26,774	23,339
Total Program Receipts	<u>111,008</u>	<u>104,490</u>	<u>180,630</u>	<u>182,455</u>	<u>291,638</u>	<u>286,945</u>
General Receipts:						
Property and Other Local Taxes	49,620	49,244	-	-	49,620	49,244
Grants and Entitlements Not Restricted to Specific Programs	51,845	103,210	-	-	51,845	103,210
Interest	2,805	2,160	2,614	1,155	5,419	3,315
Miscellaneous	41,172	65,804	1,075	1,346	42,247	67,150
Note Proceeds	-	49,276	-	-	-	-
Total General Receipts	<u>145,442</u>	<u>269,694</u>	<u>3,689</u>	<u>2,501</u>	<u>149,131</u>	<u>272,195</u>
Total Receipts	<u>256,450</u>	<u>374,184</u>	<u>184,319</u>	<u>184,956</u>	<u>440,769</u>	<u>559,140</u>
Disbursements:						
General Government	56,001	55,927	-	-	56,001	55,927
Community Environment	4,586	4,458	-	-	4,586	-
Security of Persons and Property	27,175	29,254	-	-	27,175	-
Public Health Services	25,531	22,470	-	-	25,531	-
Leisure Time Activities	80,147	169,258	-	-	80,147	-
Basic Utilities	3,993	9,681	-	-	3,993	-
Capital Outlay	-	29,476	-	-	-	-
Transportation	35,255	37,051	-	-	35,255	-
Principal Payments	14,781	30,279	-	-	14,781	-
Interest and Fiscal Charges	3,124	2,120	-	-	3,124	-
Other	-	1,872	-	-	-	-
Water Operating	-	-	70,956	89,466	70,956	89,466
Sewer Operating	-	-	104,645	97,998	104,645	97,998
Total Disbursements	<u>250,593</u>	<u>391,846</u>	<u>175,601</u>	<u>187,464</u>	<u>426,194</u>	<u>243,391</u>
Excess (Deficiency) Before Transfers	5,857	(17,662)	8,718	(2,508)	14,575	(20,170)
Transfers	223	(89)	(223)	89	-	-
Increase (Decrease) in Net Assets	<u>6,080</u>	<u>(17,751)</u>	<u>8,495</u>	<u>(2,419)</u>	<u>14,575</u>	<u>(20,170)</u>
Net Assets, January 1, 2005	94,497	112,248	132,652	135,071	227,149	247,319
Net Assets, December 31, 2005	<u>\$ 100,577</u>	<u>\$ 94,497</u>	<u>\$ 141,147</u>	<u>\$ 132,652</u>	<u>\$ 241,724</u>	<u>\$ 227,149</u>

**The Village as a Whole (continued)**

Program receipts represent 43 percent of total governmental receipts and are primarily comprised of charges for services. General receipts represent 57 percent of the Village's total receipts, and of this amount, 34 percent are local taxes, another 35 percent comes from state and federal grants and entitlements. Miscellaneous receipts account for 27 percent; the Village is receiving gas and oil royalties for property owned. Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Village and the support services provided for the other Government activities. These include the costs of council, as well as internal services such as payroll and purchasing. Since these costs do not represent direct services to residents, we try to limit these costs to 22 percent of total governmental receipts.

Security of Persons and Property are the costs of police and fire protection; Public Health Services is the health department; Leisure Time Activities are the costs of maintaining the parks and playing fields; the economic development department promotes the Village to industry and commerce as well as working with other governments in the area to attract new business; and Transportation is the cost of maintaining the roads.

**Governmental Activities**

If you look at the Statement of Activities on page 10, you will see that the first column lists the major services provided by the Village. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for Leisure Time Activities and General Government, which account for 32 and 22 percent of all governmental disbursements, respectively. Transportation also represents a significant cost, about 14 percent. The next two columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Village that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service, which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts, which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

**Governmental Activities**

	Total Cost of Services 2006	Total Cost of Services 2005	Net Cost of Services 2006	Net Cost of Services 2005
General Government	\$ 56,001	\$ 55,927	\$ (18,596)	\$ (24,109)
Security of Persons and Property	27,175	29,254	(27,000)	(29,254)
Public Health Services	25,531	22,470	(6,087)	1,021
Leisure Time Activities	80,147	169,258	(58,009)	(156,083)
Community Environment	4,586	4,458	(4,586)	(4,458)
Basic Utilities	3,993	9,681	25,845	23,399
Transportation	35,255	37,051	(33,247)	(34,125)
Capital Outlay	-	29,476	-	(29,476)
Other	-	1,872	-	(1,872)
Principal Retirement	14,781	30,279	(14,781)	(30,108)
Interest and Fiscal Charges	3,124	2,120	(3,124)	(2,291)
<b>Total Expenses</b>	<b>\$ 250,593</b>	<b>\$ 391,846</b>	<b>\$ (139,585)</b>	<b>\$ (287,356)</b>

## **The Village as a Whole (continued)**

### **Business-type Activities**

The water and sewer operations of the Village of Warsaw routinely reports receipts and cash disbursements that are relatively equal. The infrastructure is beginning to age and the Village has begun discussing the need for major repairs and how these will be funded. The Village has been contributing to a Water Infrastructure Fund this year to try and save money for future upgrades or emergencies.

### **The Village's Funds**

Total governmental funds had receipts of \$255,950 and disbursements of \$250,594. The greatest change within governmental funds occurred within the General Fund.

General Fund receipts were more than disbursements by \$17,152. The Street Construction, Maintenance and Repair and Cemetery were all in deficit spending situations. Street paving that was to be completed in 2005 had to be re-bid and a cost accelerator was added due to the high cost of petroleum products. The Village's contribution to this project escalated to over \$9,000 more than anticipated. This was beyond our officials control as this was handled at the County level. Council approved transferring \$3,000 into the Parks fund to help fund obligations until the Pool opens in the spring.

### **General Fund Budgeting Highlights**

The Village's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2006, the Village did amend its General Fund budget. Receipts were budgeted at \$128,806. Final disbursements were budgeted at \$150,805 while actual disbursements were \$99,916. The result is the increase in fund balance of \$17,152 for 2006.

### **Debt Administration**

#### **Debt**

At December 31, 2006, the Village's outstanding debt included \$135,811 in general obligation bonds issued for improvements to buildings and structures, and \$24,280 in capital leases for facilities and equipment. For further information regarding the Village's debt, refer to Note 9 and 10 to the basic financial statements.

### **Current Issues**

The challenge for all Governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have no industry to support the tax base. Our goal is to continue to be fiscally responsible in our spending while providing services to the people of the Village of Warsaw.

### **Contacting the Village's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village's finances and to reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Cheryl Jones, Fiscal Officer, Village of Warsaw, 322 Mill Street, Warsaw, Ohio 43844, 740-824-3600.

**Village of Warsaw**  
**Coshocton County**  
*Statement of Net Assets - Cash Basis*  
*December 31, 2006*

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 63,837	\$ 25,178	\$ 89,015
Investments	36,740	115,969	152,709
<i>Total Assets</i>	<u>100,577</u>	<u>141,147</u>	<u>241,724</u>
<b>Net Assets</b>			
Restricted for:			
Permanent Fund:			
Expendable	157	-	157
Nonexpendable	31,740	-	31,740
Other Purposes	26,110	141,147	167,257
Unrestricted	42,570	-	42,570
<i>Total Net Assets</i>	<u>\$ 100,577</u>	<u>\$ 141,147</u>	<u>\$ 241,724</u>

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

**Village of Warsaw**  
**Coshocton County**  
*Statement of Activities - Cash Basis*  
*For the Year Ended December 31, 2006*

	Program Cash Receipts			Net (Disbursements) and Receipts and Changes in Net Assets		
	Disbursements	Charges for Services	Operating Grants and and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>						
General Government	\$ 56,001	\$ 12,639	24,766	\$ (18,596)	-	(18,596)
Security of Persons and Property	27,175	175	-	(27,000)	-	(27,000)
Public Health Services	25,531	19,444	-	(6,087)	-	(6,087)
Leisure Time Activities	80,147	22,138	-	(58,009)	-	(58,009)
Community Environment	4,586	-	-	(4,586)	-	(4,586)
Basic Utility Services	3,993	29,838	-	25,845	-	25,845
Transportation	35,255	-	2,008	(33,247)	-	(33,247)
Capital Outlay	-	-	-	-	-	-
Debt Service						
Principal	14,781	-	-	(14,781)	-	(14,781)
Interest	3,124	-	-	(3,124)	-	(3,124)
Other	-	-	-	-	-	-
<i>Total Governmental Activities</i>	<u>250,593</u>	<u>84,234</u>	<u>26,774</u>	<u>(139,585)</u>	<u>-</u>	<u>(139,585)</u>
<b>Business-Type Activities</b>						
Water	70,956	76,214	-	-	5,258	5,258
Sewer	104,645	104,416	-	-	(229)	(229)
<i>Total Business-Type Activities</i>	<u>175,601</u>	<u>180,630</u>	<u>-</u>	<u>-</u>	<u>5,029</u>	<u>5,029</u>
<i>Total</i>	<u>\$ 426,194</u>	<u>\$ 264,864</u>	<u>\$ 26,774</u>	<u>\$ (139,585)</u>	<u>\$ 5,029</u>	<u>\$ (134,556)</u>
<b>General Receipts</b>						
Property Taxes				49,620	-	49,620
Other Taxes				-	-	-
Grants and Entitlements not Restricted to Specific Programs				51,845	-	51,845
Interest				2,805	2,614	5,419
Miscellaneous				41,172	1,075	42,247
<i>Total General Receipts</i>				<u>145,442</u>	<u>3,689</u>	<u>149,131</u>
Transfers				223	(223)	-
<i>Total General Receipts, Transfers and Advances</i>				<u>145,665</u>	<u>3,466</u>	<u>149,131</u>
Change in Net Assets				6,080	8,495	14,575
<i>Net Assets Beginning of Year</i>				<u>94,497</u>	<u>132,652</u>	<u>227,149</u>
<i>Net Assets End of Year</i>				<u>\$ 100,577</u>	<u>\$ 141,147</u>	<u>\$ 241,724</u>

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



**Village of Warsaw**  
**Coshocton County**  
*Statement of Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2006*

	General	Street Construction Maintenance and Repair	Cemetery	Parks	Cemetery Endowment Permanent	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>							
Equity in Pooled Cash and Cash Equivalents	\$ 37,570	\$ 10,402	\$ 2,190	\$ 4,336	\$ 157	\$ 9,182	\$ 63,837
Investments	5,000	-	-	-	31,740	-	36,740
<i>Total Assets</i>	<u>42,570</u>	<u>10,402</u>	<u>2,190</u>	<u>4,336</u>	<u>31,897</u>	<u>9,182</u>	<u>100,577</u>
<b>Fund Balances</b>							
Reserved:							
Permanent Fund	-	-	-	-	31,897	-	31,897
Unreserved:							
Undesignated (Deficit), Reported in:							
General Fund	42,570	-	-	-	-	-	42,570
Special Revenue Funds	-	10,402	2,190	4,336	-	9,182	26,110
Debt Service Fund	-	-	-	-	-	-	-
<i>Total Fund Balances</i>	<u>\$ 42,570</u>	<u>\$ 10,402</u>	<u>\$ 2,190</u>	<u>\$ 4,336</u>	<u>\$ 31,897</u>	<u>\$ 9,182</u>	<u>\$ 100,577</u>

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

**Village of Warsaw**  
**Coshocton County**  
*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2006*

	General	Street Construction Maintenance and Repair	Cemetery	Parks	Cemetery Endowment Permanent	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>							
Property and Other Local Taxes	\$ 43,052	\$ 749	\$ -	\$ -	\$ -	\$ 5,819	\$ 49,620
Intergovernmental	45,108	30,841	-	170	-	2,500	78,619
Charges for Services	12,639	-	19,444	41,639	-	10,337	84,059
Fines, Licenses and Permits	175	-	-	-	-	-	175
Interest	1,331	-	46	-	1,428	-	2,805
Other	14,263	665	-	20,158	405	5,181	40,672
<i>Total Receipts</i>	<u>116,568</u>	<u>32,255</u>	<u>19,490</u>	<u>61,967</u>	<u>1,833</u>	<u>23,837</u>	<u>255,950</u>
<b>Disbursements</b>							
Current:							
General Government	56,001	-	-	-	-	-	56,001
Security of Persons and Property	27,175	-	-	-	-	-	27,175
Public Health Services	283	-	25,138	-	-	110	25,531
Leisure Time Activities	8	-	-	65,121	-	15,018	80,147
Community Environment	4,586	-	-	-	-	-	4,586
Basic Utility Services	3,993	-	-	-	-	-	3,993
Transportation	-	31,856	-	-	-	3,399	35,255
Capital Outlay	-	-	-	-	-	-	-
Debt Service:							
Principal Retirement	3,638	3,796	1,933	-	-	5,414	14,781
Interest and Fiscal Charges	941	1,081	558	-	-	544	3,124
<i>Total Disbursements</i>	<u>96,625</u>	<u>36,733</u>	<u>27,629</u>	<u>65,121</u>	<u>-</u>	<u>24,485</u>	<u>250,593</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>19,943</u>	<u>(4,478)</u>	<u>(8,139)</u>	<u>(3,154)</u>	<u>1,833</u>	<u>(648)</u>	<u>5,357</u>
<b>Other Financing Sources (Uses)</b>							
Transfers In	-	-	-	3,514	-	-	3,514
Transfers Out	(3,291)	-	-	-	-	-	(3,291)
Other Financing Sources	500	-	-	-	-	-	500
<i>Total Other Financing Sources (Uses)</i>	<u>(2,791)</u>	<u>-</u>	<u>-</u>	<u>3,514</u>	<u>-</u>	<u>-</u>	<u>723</u>
Net Change in Fund Balances	17,152	(4,478)	(8,139)	360	1,833	(648)	6,080
<i>Fund Balances Beginning of Year</i>	<u>25,418</u>	<u>14,880</u>	<u>10,329</u>	<u>3,976</u>	<u>30,064</u>	<u>9,830</u>	<u>94,497</u>
<i>Fund Balances End of Year</i>	<u>\$ 42,570</u>	<u>\$ 10,402</u>	<u>\$ 2,190</u>	<u>\$ 4,336</u>	<u>\$ 31,897</u>	<u>\$ 9,182</u>	<u>\$ 100,577</u>

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

**Village of Warsaw**  
**Coshocton County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*General Fund*  
*For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Receipts</b>				
Property and Other Local Taxes	\$ 43,100	\$ 43,100	\$ 43,052	\$ (48)
Intergovernmental	48,256	48,256	45,108	(3,148)
Charges for Services	35,000	35,000	12,639	(22,361)
Fines, Licenses and Permits	1,100	1,100	175	(925)
Interest	700	700	1,331	631
Other	250	250	14,263	14,013
<i>Total receipts</i>	<u>128,406</u>	<u>128,406</u>	<u>116,568</u>	<u>(11,838)</u>
<b>Disbursements</b>				
Current:				
General Government	73,562	73,293	56,001	17,292
Security of Persons and Property	42,950	42,950	27,175	15,775
Public Health Services	3,500	3,500	283	3,217
Leisure Time Activities	16,262	13,262	8	13,254
Community Environment	5,000	5,000	4,586	414
Basic Utility Services	10,000	10,000	3,993	6,007
Debt Service:				
Principal Payments	-	-	3,638	(3,638)
Interest and Fiscal Charges	2,800	2,800	941	1,859
<i>Total Disbursements</i>	<u>154,074</u>	<u>150,805</u>	<u>96,625</u>	<u>54,180</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(25,668)</u>	<u>(22,399)</u>	<u>19,943</u>	<u>(66,018)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(100)	(3,369)	(3,291)	78
Advances Out	-	(50)	500	550
Other Financing Sources	400	400	-	(400)
Total Other Financing Sources (Uses)	<u>300</u>	<u>(3,019)</u>	<u>(2,791)</u>	<u>228</u>
<i>Net Change in Fund Balance</i>	(25,368)	(25,418)	17,152	(65,790)
<i>Fund Balance Beginning of Year</i>	25,418	25,418	25,418	-
<i>Fund Balance End of Year</i>	<u>\$ 50</u>	<u>\$ -</u>	<u>\$ 42,570</u>	<u>\$ (65,790)</u>

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

**Village of Warsaw**  
**Coshocton County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*Street Construction, Maintenance and Repair Fund*  
*For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Receipts</b>				
Property and Other Local Taxes	1,500	1,500	749	(751)
Intergovernmental	29,000	29,000	30,841	1,841
Miscellaneous	-	-	665	665
<i>Total receipts</i>	<u>30,500</u>	<u>30,500</u>	<u>32,255</u>	<u>1,755</u>
<b>Disbursements</b>				
Current:				
Transportation	46,158	41,993	31,856	10,137
Debt Service:				
Principal Payments	-	-	3,780	3,780
Interest and Fiscal Charges	-	4,165	1,097	3,068
<i>Total Disbursements</i>	<u>46,158</u>	<u>46,158</u>	<u>36,733</u>	<u>16,985</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(15,658)</u>	<u>(15,658)</u>	<u>(4,478)</u>	<u>(15,230)</u>
<b>Other Financing Sources (Uses)</b>				
Other Financing Sources	1,000	1,000	-	(1,000)
Total Other Financing Sources (Uses)	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
<i>Net Change in Fund Balance</i>	(14,658)	(14,658)	(4,478)	(16,230)
<i>Fund Balance Beginning of Year</i>	14,870	14,870	14,870	-
<i>Prior Year Encumbrances Appropriated</i>	10	10	10	-
<i>Fund Balance End of Year</i>	<u>\$ 222</u>	<u>\$ 222</u>	<u>\$ 10,402</u>	<u>\$ (16,230)</u>

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

**Village of Warsaw**  
**Coshocton County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*Cemetery Fund*  
*For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	(Optional)
	<u>Original</u>	<u>Final</u>		Variance with Final Budget Positive (Negative)
<b>Receipts</b>				
Charges for Services	25,200	25,200	19,444	(5,756)
Interest	100	100	46	(54)
<i>Total receipts</i>	<u>25,300</u>	<u>25,300</u>	<u>19,490</u>	<u>(5,810)</u>
<b>Disbursements</b>				
Current:				
Public Health Services	34,879	35,079	25,138	9,941
Debt Service:				
Principal Payments	-	-	1,933	(1,933)
Interest and Fiscal Charges	-	-	558	(558)
<i>Total Disbursements</i>	<u>34,879</u>	<u>35,079</u>	<u>27,629</u>	<u>7,450</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(9,579)</u>	<u>(9,779)</u>	<u>(8,139)</u>	<u>(13,260)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	50	50	-	(50)
Advances In	50	50	-	(50)
Other Financing Uses	(850)	(650)	-	650
<i>Total Other Financing Sources (Uses)</i>	<u>(750)</u>	<u>(550)</u>	<u>-</u>	<u>550</u>
<i>Net Change in Fund Balance</i>	<u>(10,329)</u>	<u>(10,329)</u>	<u>(8,139)</u>	<u>(12,710)</u>
<i>Fund Balance Beginning of Year</i>	10,329	10,329	10,329	-
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,190</u>	<u>\$ (12,710)</u>

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

**Village of Warsaw**  
**Coshocton County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*Parks Fund*  
*For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Intergovernmental	\$ 100	\$ 100	\$ 170	\$ 70
Charges for Services	52,500	52,500	41,639	(10,861)
Other	20,000	20,000	20,158	158
<i>Total receipts</i>	<u>72,600</u>	<u>72,600</u>	<u>61,967</u>	<u>(10,633)</u>
<b>Disbursements</b>				
Current:				
Leisure Time Activities	78,076	78,076	65,121	12,955
<i>Total Disbursements</i>	<u>78,076</u>	<u>78,076</u>	<u>65,121</u>	<u>12,955</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(5,476)</u>	<u>(5,476)</u>	<u>(3,154)</u>	<u>2,322</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	1,400	1,400	3,514	2,114
Advances In	100	100	-	(100)
Total Other Financing Sources (Uses)	<u>1,500</u>	<u>1,500</u>	<u>3,514</u>	<u>2,014</u>
<i>Net Change in Fund Balance</i>	(3,976)	(3,976)	360	4,336
<i>Fund Balance Beginning of Year</i>	3,976	3,976	3,976	-
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,336</u>	<u>\$ 4,336</u>

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

**Village of Warsaw**  
**Coshocton County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*Cemetery Endowment Fund*  
*For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>(Optional) Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Receipts</b>				
Interest	1,200	1,200	1,428	228
Other	-	-	405	405
<i>Total receipts</i>	<u>1,200</u>	<u>1,200</u>	<u>1,833</u>	<u>633</u>
<b>Disbursements</b>				
Current:				
<i>Total Disbursements</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,200</u>	<u>1,200</u>	<u>1,833</u>	<u>633</u>
<i>Net Change in Fund Balance</i>	1,200	1,200	1,833	633
<i>Fund Balance Beginning of Year</i>	30,064	30,064	30,064	-
<i>Fund Balance End of Year</i>	<u>\$ 31,264</u>	<u>\$ 31,264</u>	<u>\$ 31,897</u>	<u>\$ 633</u>

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

**Village of Warsaw**  
**Coshocton County**  
*Statement of Cash Basis Assets and Fund Balances - Cash Basis*  
*Proprietary Funds*  
*December 31, 2006*

	Water Operating	Sewer Operating	Total Enterprise Funds
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 6,621	\$ 18,557	\$ 25,178
Investments	11,505	104,464	115,969
<i>Total Assets</i>	<u>18,126</u>	<u>123,021</u>	<u>141,147</u>
<b>Net Assets</b>			
Unrestricted	18,126	123,021	141,147
<i>Total Net Assets</i>	<u>\$ 18,126</u>	<u>\$ 123,021</u>	<u>\$ 141,147</u>

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



**Village of Warsaw**  
**Coshocton County**  
*Statement of Cash Receipts, Disbursements and Changes in Fund Net Assets - Cash Basis*  
*Proprietary Funds*  
*For the Year Ended December 31, 2006*

	Water Operating	Sewer Operating	Total Enterprise Funds
<b>Operating Receipts</b>			
Charges for Services	\$ 76,214	\$ 104,416	\$ 180,630
<i>Total Operating Receipts</i>	<u>76,214</u>	<u>104,416</u>	<u>180,630</u>
<b>Operating Disbursements</b>			
Personal Services	27,777	32,742	60,519
Employee Fringe Benefits	6,796	7,401	14,197
Contractual Services	18,135	32,980	51,115
Supplies and Materials	10,780	18,646	29,426
Other	57	-	57
<i>Total Operating Disbursements</i>	<u>63,545</u>	<u>91,769</u>	<u>155,314</u>
<i>Operating Income (Loss)</i>	<u>12,669</u>	<u>12,647</u>	<u>25,316</u>
<b>Non Operating Receipts (Disbursements)</b>			
Earnings on Investments	-	2,614	2,614
Miscellaneous Receipts	-	33	33
Capital Outlay	(58)	-	(58)
Principal Payments	(5,975)	(8,011)	(13,986)
Interest and Fiscal Charges	(1,066)	(4,865)	(5,931)
Other Financing Sources	1,042	-	1,042
Other Financing Uses	(312)	-	(312)
<i>Total Non Operating Receipts (Disbursements)</i>	<u>(6,369)</u>	<u>(10,229)</u>	<u>(16,598)</u>
<i>Income (Loss) before Transfers</i>	<u>6,300</u>	<u>2,418</u>	<u>8,718</u>
Transfers In	7	284	291
Transfers Out	(355)	(159)	(514)
<i>Change in Net Assets</i>	5,952	2,543	8,495
<i>Net Assets Beginning of Year</i>	<u>12,174</u>	<u>120,478</u>	<u>132,652</u>
<i>Net Assets End of Year</i>	<u>\$ 18,126</u>	<u>\$ 123,021</u>	<u>\$ 141,147</u>

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

**Village of Warsaw**  
**Coshocton County**  
*Statement of Fiduciary Net Assets - Cash Basis*  
*Fiduciary Funds*  
*December 31, 2006*

	<i>Agency</i>	
	<i>Health Care Reimbursement</i>	<i>Total</i>
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$ 2,718	\$ 2,718
<i>Total Assets</i>	<u>2,718</u>	<u>2,718</u>
<b>Net Assets</b>		
Restricted for:		
Other Purposes	2,718	2,718
<i>Total Net Assets</i>	<u>\$ 2,718</u>	<u>\$ 2,718</u>

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

**Village of Warsaw**  
**Coshocton County**  
Notes to the Financial Statements  
For the Year Ending December 31, 2006

**Note 1 – Reporting Entity**

The Village of Warsaw, Coshocton County, Ohio (the Village), 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.

**A. Primary Government**

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Village. The Village provides general government services, water and sewer utilities, maintenance of Village roads and park and cemetery operations.

**B. Component Units**

Component units are legally separate organizations for which the Village is financially accountable. The Village is financially accountable for an organization if the Village appoints a voting majority of the organization's governing board and (1) the Village is able to significantly influence the programs or services performed or provided by the organization; or (2) the Village is legally entitled to or can otherwise access the organization's resources; the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Village is obligated for the debt of the organization. The Village is also financially accountable for any organizations that are fiscally dependent on the Village in that the Village approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Village, are accessible to the Village and are significant in amount to the Village. The Village of Warsaw has no component units in 2006.

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

**Note 2 – Summary of Significant Accounting Policies**

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Village does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. Following are the more significant of the Village's accounting policies.

**A. Basis of Presentation**

The Village's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements that provide a more detailed level of financial information.

**Village of Warsaw**  
**Coshocton County**  
Notes to the Financial Statements  
For the Year Ending December 31, 2006

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

A. Basis of Presentation (continued)

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid “doubling up” receipts and disbursements. The statements distinguish between those activities of the Village that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net assets presents the cash balance of the governmental and business-type activities of the Village at year-end. The statement of activities compares disbursements with program receipts for each of the Village's governmental and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on a cash basis or draws from the Village's general receipts.

Fund Financial Statements

During the year, the Village segregates transactions related to certain Village functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service funds are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as nonoperating.

B. Fund Accounting

The Village uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Village are divided into three categories, governmental, proprietary and fiduciary.

Governmental Funds

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The Village's major governmental funds are the General Fund, Street Construction, Maintenance and Repair Fund, Cemetery Fund and the Parks Fund.

General Fund- The General Fund is used to account for all financial resources, except those required to be accounted for 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.

**Village of Warsaw**  
**Coshocton County**  
Notes to the Financial Statements  
For the Year Ending December 31, 2006

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

B. Fund Accounting (continued)

Governmental Funds (continued)

Special Revenue Funds - These funds account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

Street Construction, Maintenance and Repair Fund- This fund is used to care for the Village's streets and sidewalks.

Cemetery Fund- This fund is used for the maintenance and upkeep of the Village's cemeteries.

Park Fund- This fund is used to administer the Riverview Community Park and Pool.

Cemetery Endowment Fund - The Village's private purpose trust fund is the Cemetery Endowment Fund that is used to support the Valley View Cemetery.

Proprietary Funds

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

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Village's major enterprise funds are the water and sewer funds.

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

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

Fiduciary Funds

Fiduciary funds include pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to 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 Fund - The Village's sole Agency fund was established as a Healthcare Reimbursement Fund this year to fund the medical related expenses of the Administrator and his family. It was funded at \$7,000 for 2006.

C. Basis of Accounting

The Village's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Village are described in the appropriate section in this note.

**Village of Warsaw**  
**Coshocton County**  
Notes to the Financial Statements  
For the Year Ending December 31, 2006

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

**C. Basis of Accounting (continued)**

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

**D. Budgetary Process**

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Village Council may appropriate.

The appropriations ordinance is the Village Council's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Village Council. The legal level of control has been established at the fund, department, and object level for all funds

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Clerk. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Village Council.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Village Council during the year.

**E. Cash and Investments**

To improve cash management, cash received by the Village is pooled and invested. Individual fund integrity is maintained through Village records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Cash and cash equivalents that are held separately in accounts at a financial institution for retainage and bond reserves and debt service are reported as "Cash and Cash Equivalents with Fiscal Agents."

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2006, the Village invested in nonnegotiable certificates of deposit. The nonnegotiable certificates of deposit are reported at cost.

**Village of Warsaw**  
**Coshocton County**  
Notes to the Financial Statements  
For the Year Ending December 31, 2006

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

E. Cash and Investments (continued)

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2006 were \$1,331, which includes \$291 assigned from other Village funds.

F. Inventory and Prepaid Items

The Village reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's cash basis of accounting.

H. Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7, the employer contributions include portions for pension benefits and for postretirement health care benefits.

I. Long-Term Obligations

The Village's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

J. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Village's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

K. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation.

L. Capital Assets

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

**Village of Warsaw**  
**Coshocton County**  
Notes to the Financial Statements  
For the Year Ending December 31, 2006

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

**M. Interfund Transactions**

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

**Note 3 – Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund is (*and any major special revenue fund are*) prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference(s) between the budgetary basis and the cash basis is (are) outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis) (and outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to zero dollars in the general fund. The outstanding advances at year end amounted to zero dollars for the general fund .

**Note 4 – Deposits and Investments**

Monies held by the Village are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Village can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;



**Village of Warsaw**  
**Coshocton County**  
Notes to the Financial Statements  
For the Year Ending December 31, 2006

**Note 4 – Deposits and Investments (continued)**

3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer’s investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

At year-end, the Village had no undeposited cash on hand which is included as part of “Equity in Pooled Cash and Cash Equivalents”.

**Deposits:** Custodial credit risk for deposits is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2006, bank balances of \$259,855 is insured by the Federal Deposit Insurance Corporation or collateralized by the financial institution’s public entity deposit pool.

The Village has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Village or a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

The carrying amount of cash and investments on December 31 was as follows:

	2005
Demand Deposits	\$ 89,015
Investments	152,709
Total	\$ 241,724

**Note 5 – Property Taxes**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Real property tax receipts received in 2006 represent the collection of 2005 taxes. Real property taxes received in 2006 were levied after October 1, 2006, on the assessed values as of January 1, 2005, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

**Village of Warsaw**  
**Coshocton County**  
Notes to the Financial Statements  
For the Year Ending December 31, 2006

**Note 5 – Property Taxes (continued)**

Public utility property tax receipts received in 2006 represent the collection of 2005 taxes. Public utility real and tangible personal property taxes received in 2006 became a lien on December 31, 2005, were levied after October 1, 2005, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2006 (other than public utility property) represent the collection of 2005 taxes. Tangible personal property taxes received in 2006 were levied after October 1, 2005, on the true value as of December 31, 2004. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due March 8; if paid semiannually, the first payment is due March 8, with the remainder payable by July 19.

The full tax rate for all Village operations for the year ended December 31, 2005, was \$10.50 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2006 property tax receipts were based are as follows:

Real Property:	
Residential	\$4,815,520
Agriculture	24,430
Public Utility Property:	
Real	1,290,710
Personal	329,660
Tangible Personal Property	135,325
Total Assessed Value	\$6,595,645

**Note 6 – Risk Management**

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2006, the Village contracted with Selective Insurance for various types of insurance coverage as follows:

<u>Company</u>	<u>Type of Coverage</u>	<u>Amount of Coverage</u>
Selective Insurance Co. of South Carolina	Commercial Property	\$1,612,050
	General Liability	2,000,000
	Commercial Crime	5,000
	Inland Marine	153,900
	Vehicle	1,000,000
	Employer's Liability	1,000,000
	Public Officials	1,000,000

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year. The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

**Village of Warsaw**  
**Coshocton County**  
Notes to the Financial Statements  
For the Year Ending December 31, 2006

**Note 7 – Defined Benefit Pension Plans**

**A. Ohio Public Employees Retirement System**

The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2006, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 9 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 9 percent. The Village's contribution rate for pension benefits for 2006 was 13.7 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Village's required contributions for pension obligations to the traditional plan for the years ended December 31, 2006, 2005, and 2004, were \$26,867, \$24,489, and \$27,194 respectively. The full amount has been contributed for 2006, 2005 and 2004. Contributions to the member-directed plan for 2006 were \$16,215 made by the Village and \$10,652 made by the plan members.

**Note 8 - Postemployment Benefits**

**A. Ohio Public Employees Retirement System**

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 local government employer contribution rate was 13.55 percent of covered payroll (16.7 percent for public safety and law enforcement); 4.00 percent of covered payroll was the portion that was used to fund health care.

**Village of Warsaw**  
**Coshocton County**  
Notes to the Financial Statements  
For the Year Ending December 31, 2006

**Note 8 - Postemployment Benefits (continued)**

**A. Ohio Public Employees Retirement System (continued)**

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2004, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between 1.00 and 6.00 percent annually for the next eight years and 4.00 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 369,885. Actual employer contributions for 2006 were unavailable at this time. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2004, (the latest information available) were \$10.5 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$26.9 billion and \$16.4 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

**Note 9 – Debt**

The Village's long-term debt activity for the year ended December 31, 2006, was as follows:

	<u>Interest</u> <u>Rate</u>	<u>Balance</u> <u>December 31,</u> <u>2005</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>December 31,</u> <u>2006</u>
<b><u>Governmental Activities</u></b>					
2005 Street Paving Bond	4.25%	\$29,476	\$0	\$5,414	\$24,062
2004 Truck Loan	3.45%	12,430	0	3,796	8,634
2001 Police Cruiser Loan	5.50%	1,586	0	1,586	0
1999 Post Office Building Loan	4.75%	15,760	0	2,052	13,708
Total Governmental Activities		<u>\$59,252</u>	<u>\$0</u>	<u>\$12,848</u>	<u>\$46,404</u>
<b><u>Business-Type Activities</u></b>					
1999 Sanitary Sewer Loan	4.75%	\$97,416	\$0	\$8,011	\$89,405
Business-Type Activities Total		<u>\$97,416</u>	<u>\$0</u>	<u>\$8,011</u>	<u>\$89,405</u>

**Village of Warsaw**  
**Coshocton County**  
Notes to the Financial Statements  
For the Year Ending December 31, 2006

**Note 9 – Debt** (continued)

The Street Paving bond in the amount of \$29,476 issued in 2005 has five annual payments of \$6,668 that will be made from the Resurfacing Fund and Street Construction Maintenance and Repair fund. First payment was made in 2006.

The Truck Loan is with Ohio Heritage, due April 2009 with interest at 3.45%. The minimum payment is \$347 per month. This was used to purchase a 2001 truck.

The Cruiser Loan is with Bank One, due April 2006 with interest at 5.5%. The minimum payment is \$401 per month. This was used to purchase a police cruiser. This debt was retired in 2006.

The Post Office Loan is with Bank One, due July 2012 with interest of 4.75%. The minimum payment is \$229 per month. This was used to purchase the old Village post office.

The Sanitary Sanitary Sewer Loan is with Bank One, due July 2015 with interest of 4.75%. The minimum payment is \$1,073 per month. This was used to perform sewer projects.

The general obligation bonds are supported by the full faith and credit of the Village and are payable from unvoted property tax receipts to the extent that other resources are not available to meet annual principal and interest payments.

The following is a summary of the Village’s future annual debt service requirements (principal and interest):

Year	Street Paving Bond	Truck Loan	PO Building	Sanitary Sewer Loan	Total
2007	6,668	4,167	2,750	12,877	26,462
2008	6,668	4,167	2,750	12,877	26,462
2009	6,667	694	2,750	12,877	22,988
2010	6,667		2,750	12,877	22,294
2011			2,750	12,877	22,294
2012 – 2015			1,756	12,877	14,633
				45,968	45,968
Totals	<u>\$26,670</u>	<u>\$9,028</u>	<u>\$15,506</u>	<u>\$123,230</u>	<u>\$181,101</u>

The Ohio Revised Code provides that net general obligation debt of the Village, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Village. The Revised Code further provides that total voted and unvoted net debt of the Village less the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation.

**Village of Warsaw**  
**Coshocton County**  
Notes to the Financial Statements  
For the Year Ending December 31, 2006

**Note 10 – Leases**

The Village entered into a five year agreement during 2006 to lease a John Deere Tractor for use in the Village cemeteries

The Village made \$5,975 of principal lease payments for equipment used for the Water Well Improvements Project and \$1,933 of principal lease payments for the John Deere tractor. Future lease payments including interest are as follows (*next five years principal and interest*):

Year	<u>Water Well Improvements</u>	<u>John Deere Tractor</u>	<u>Total Lease Payments</u>
2007	\$7,041	\$2,990	\$10,031
2008	7,041	2,990	10,031
2009		2,989	2,989
2010		2,989	2,989
2011		498	498
Total	\$14,082	\$12,456	\$ 26,538

**Note 11 – Interfund Transfers**

During 2006 the following transfers were made from the General Fund:

Transfers from the General Fund to:	
Major Governmental Fund	\$3,000
Major Enterprise Fund	291
Total Transfers from the General Fund	\$3,291

These transfers are to shift interest from the Water and Sewer savings accounts into those investment funds. In October 2006 a mistake was discovered by the Fiscal Officer. A pool receipt was mistakenly deposited into the water and sewer funds in 2005. Council approved the transfer back into the Parks Fund; Water fund to Parks fund \$355 and Sewer Fund to Park Fund \$159.

**Note 12– Contingent Liabilities**

The Village is currently not party to any litigation.

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

*Perry & Associates*  
Certified Public Accountants, A.C.

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**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

June 27, 2007

Village of Warsaw  
Coshocton County  
322 Mill Street  
P.O. Box 399  
Warsaw, Ohio 43844

To the Village Council:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Warsaw, Coshocton County, (the Village), as of and for the year ended December 31, 2006, which collectively comprise the Village's basic financial statements and have issued our report thereon dated June 27, 2007. 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 expressing our opinion on the financial statements, but not to opine 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 would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting we consider significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

**Internal Control Over Financial Reporting (Continued)**

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2005-001 through 2005-005.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Village's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe significant deficiencies 2005-001 through 2005-005 described above are material weaknesses.

We also noted certain internal control matters that we reported to the Village's management in a separate letter dated June 27, 2007.

**Compliance and Other Matters**

As part of reasonably assuring whether the Village's basic financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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

Respectfully Submitted

Perry and Associates  
Certified Public Accountants, A.C.



**VILLAGE OF WARSAW  
COSHOCOTON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2006**

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

**FINDING NUMBER 2006-001**

**Significant Deficiency/Material Weakness**

**Monitoring of Delinquent Water and Sewer Tax Accounts**

Upon our review of the Village's Water and Sewer Departments, we could find no evidence the Village monitors delinquent accounts nor could we find a formal policy for the collection of delinquent accounts. Upon discussion with staff, a list of delinquent accounts had not been generated for a significant length of time. Council is responsible for monitoring water and sewer collections of the Village. They receive financial information from the Village Clerk at their monthly meetings, however, a list of delinquent income tax accounts is not provided. As a result of not reviewing and addressing delinquent accounts, the Village may be losing revenues due them.

The Village Council should adopt a policy detailing the methodology used to distinguish delinquent from uncollectible and the procedures for collecting on delinquent accounts. This policy should address the following issues:

- The monitoring and frequency of review for delinquent accounts
- The procedures to be utilized in an attempt to collect a delinquent account
- The period of time an account may remain delinquent before being classified as uncollectible; and
- The procedures for writing off an account as uncollectible

This will help ensure the Village has adequate policies and procedures in place for managing delinquent accounts.

**Management's Response** – We did not receive a response from officials to this finding.

**FINDING NUMBER 2006-002**

**Significant Deficiency/Material Weakness**

**Monitoring of Adjustments to Water and Sewer Accounts**

Council was not presented with and did not review and adjustment reports relating to customer billing. This could result in an increased risk of the District not receiving monies owed for water and sewer utilities. Also, inappropriate adjustments are more likely to occur without proper approval from the Council prior to an adjustments being made.

We recommend the Council review and approve bill adjustment reports on a monthly basis.

**Management's Response** – We did not receive a response from officials to this finding.

**VILLAGE OF WARSAW  
COSHOCTON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2006**

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

**FINDING NUMBER 2006-003**

**Significant Deficiency/Material Weakness**

**Investments Reconciliations**

The clerk did not reconcile the end of the year bank balances of investment to the end of the month investment balances per the Village's records. Rather, the Clerk reconciled the end of the month checking only bank balance to the cash balance per the Village's records. The Financial Reports the Council approved did not have a reconciliation of bank to book balance of the investments.

We recommend the Clerk reconcile at least quarterly the bank balances of the Village's Certificate of Deposits and Savings Accounts to the investment balances per the Cash Journal. We recommend the Clerk perform this reconciliation on the bank statements and include this reconciliation as part of the financial reports the Council approves at its meeting.

**Management's Response** – We did not receive a response from officials to this finding.

**FINDING NUMBER 2006-004**

**Significant Deficiency/Material Weakness**

**Posting Receipts and Expenditures**

Receipts should be posted to the fund and line item accounts as established by Ohio Administrative Code Section 117-7-01.

During 2005, several receipts and expenditures were not posted into accurate revenue classifications based on the source of the receipt or expenditure. For example, note proceed revenues were not posted into the correct receipt classification. In addition, the expenditures for the debt payments were posted to various other line items and entirely to interest rather than principal/interest payments. Taxes and intergovernmental receipts were posted to wrong line items. Royalty income was posted to Charges For Services rather than Miscellaneous. This resulted in several reclassification entries being made to the financial statements.

We recommend the Clerk refer to Ohio Administrative Code Section 117-7-01 and/or the Village Officers' Handbook for guidance to determine the proper establishment of receipt and expenditure accounts and posting of receipts and expenditures.

**Management's Response** – We did not receive a response from officials to this finding.

**VILLAGE OF WARSAW  
COSHOCOTON COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2006**

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

**FINDING NUMBER 2006-005**

**Significant Deficiency/Material Weakness**

**Village Swimming Pool**

During our testing of pool receipts, we noted the following:

- The Village did not prepare a Daily Recap Sheet, which summarized daily activity, nor was there any indication the receipts were reconciled to daily deposits.
- The recreation department did not maintain an inventory for the concession items available for sale and there was not cost-of-goods performed.

The internal controls over the collection of pool receipts were inadequate and could result in misappropriation of Village assets.

We recommend the Village take the following actions concerning pool receipt collections:

- The Daily Recap Sheet should be properly completed, filed and signed by the Pool Manager.
- Whenever, an error has been made when operating the cash register (over/under ring), a void should be made. All voids or adjustments should be documented as to the reason and signed by the Pool Manager.
- Enhance the internal controls over season passes by recording the receipt # and amount paid on each application.
- Enhance the effectiveness/usefulness of the Daily Recap Sheet by including attendance and reconciling to amount collected.
- Consider preparing a formal written policy which summarizes the Village's procedures over the pool. These policies and procedures could be distributed to the applicable parties and acknowledgement forms could be signed and kept on file evidencing individuals' awareness of the Village's policies and procedures.
- The pool department should maintain a perpetual inventory of all concession goods. In addition, a cost-of-goods calculation should be performed to ascertain the reasonableness of the rates being charged in the concession area. Inventory sold should be compared to concession receipts on a regular basis to ensure reasonableness.
- The Village should consider the use of a cash register, providing a register tape to reconcile to Daily Recap Sheets.

**Management's Response** – We did not receive a response from officials to this finding.

**Village of Warsaw  
Coshocton County**

**Schedule of Prior Audit Findings  
December 31, 2006**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2005-001	Monitoring of delinquent water and sewer accounts.	No	Not Corrected – Repeated as Finding 2005-001
2005-002	Monitoring Adjustments to water and sewer accounts.	No	Not Corrected – Repeated as Finding 2005-002
2005-003	Perform regular reconciliations of investment balances.	No	Not Corrected – Repeated as Finding 2005-003
2005-004	Posting of receipts and disbursements to the proper account codes.	No	Not Corrected – Repeated as Finding 2005-004
2005-005	Monitoring of Pool Receipts.	No	Not Corrected – Repeated as Finding 2005-005
2005-006	ORC § 5705.41 (B) – Expenditures exceeding Appropriations.	Yes	Corrected
2005-007	ORC § 5705.41 (D) – failure to issue purchase orders prior to invoices or services rendered.	Yes	Corrected



**Mary Taylor, CPA**  
Auditor of State

**VILLAGE OF WARSAW**

**COSHOCTON 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 11, 2007**