

VILLAGE OF WREN
VAN WERT COUNTY
REGULAR AUDIT
JANUARY 1, 2007 THROUGH DECEMBER 31, 2008
YEARS AUDITED UNDER GAGAS: 2008 AND 2007

CAUDILL & ASSOCIATES CPA's

725 5th Street
Portsmouth, Ohio 45662



Mary Taylor, CPA

Auditor of State

Village Council
Village of Wren
P.O. Box 275
Wren, Ohio 45899

We have reviewed the *Independent Auditor's Report* of the Village of Wren, Van Wert County, prepared by Caudill & Associates, CPA's, for the audit period January 1, 2007 through December 31, 2008. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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 Wren is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

August 21, 2009

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**VILLAGE OF WREN
VAN WERT COUNTY**

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Caudill & Associates, CPA's

725 5th Street
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Independent Auditor's Report

Village Council
Village of Wren
Van Wert County
P.O. Box 275
Wren, Ohio 45889

We have audited the accompanying financial statements of Village of Wren (the Village), Van Wert County, as of and for the years ended December 31, 2008 and 2007. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2008 and 2007. Instead of the combined funds the accompanying financial statements present for 2008 and 2007, the revisions require presenting entity wide statements and also presenting its larger (i.e. major) funds separately for 2008 and 2007. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to reformat its statements. Since this Village does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2008 and 2007, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2008 and 2007, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of the December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

Village of Wren
Independent Auditor's Report

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the years ended December 31, 2008 and 2007. The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2009, 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Caudill & Associates, CPAs

Caudill & Associates, CPA's

March 31, 2009

**VILLAGE OF WREN
VAN WERT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
<u>Cash Receipts:</u>				
Property and Other Taxes	\$ 15,191	\$ 983	\$ -	\$ 16,174
Intergovernmental Receipts	25,000	16,569	-	41,569
Special Assessments	1,000	-	-	1,000
Charge for Service	-	46,000	-	46,000
Earnings on Investment	1,299	-	-	1,299
Miscellaneous	185	8,386	-	8,571
Total Cash Receipts	42,675	71,938	-	114,613
<u>Disbursements:</u>				
Current:				
Security of Persons and Property	-	45,638	-	45,638
General Government	44,481	1,525	-	46,006
Health	864	3,555	-	4,419
Principal Payments	5,267	3,466	-	8,733
Interest Payments	594	4,318	-	4,912
Total Cash Disbursements	51,206	58,502	-	109,708
Total Receipts Over/(Under) Disbursements	(8,531)	13,436	-	4,905
Other Financing Receipts (Disbursements)				
Other Financing Uses	(2,000)	-	-	(2,000)
Total Other Financing Receipts (Disbursements)	(2,000)	-	-	(2,000)
Excess of Cash Receipts and Other Financing Sources Over (Under) Cash Disbursements and Other Financing Disbursements				
	(10,531)	13,436	-	2,905
Fund Cash Balance, January 1	9,958	91,750	4,123	105,831
Fund Cash Balance, December 31	\$ (573)	\$ 105,186	\$ 4,123	\$ 108,736
Reserve For Encumbrances, December 31	\$ 2,958	\$ 407		\$ 3,365

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

**VILLAGE OF WREN
VAN WERT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
<u>Cash Receipts:</u>				
Property and Other Taxes	\$ 17,072	\$ 89	\$ -	\$ 17,161
Intergovernmental Receipts	25,005	28,469	-	53,474
Special Assessment	965	-	-	965
Charge for Service	462	36,000	-	36,462
Earnings on Investment	2,301	-	-	2,301
Miscellaneous	355	5,730	-	6,085
	<u>46,160</u>	<u>70,288</u>	<u>-</u>	<u>116,448</u>
Total Cash Receipts				
<u>Disbursements:</u>				
Current:				
Security of Persons & Property	-	60,851	-	60,851
General Government	39,649	4,600	-	44,249
Health	158	-	-	158
Transportation	-	2,200	12	2,212
Principal Payments	4,946	2,875	-	7,821
Interest Payments	915	4,493	-	5,408
	<u>45,668</u>	<u>75,019</u>	<u>12</u>	<u>120,699</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	<u>492</u>	<u>(4,731)</u>	<u>(12)</u>	<u>(4,251)</u>
Other Financing Sources (Uses)				
Other Financing Uses	<u>(1,000)</u>	<u>-</u>	<u>-</u>	<u>(1,000)</u>
Total Other Financing Receipts (Disbursements)	<u>(1,000)</u>	<u>-</u>	<u>-</u>	<u>(1,000)</u>
Excess of Cash Receipts and Other Financing Sources Over (Under) Cash Disbursements and Other Financing Disbursements	<u>(508)</u>	<u>(4,731)</u>	<u>(12)</u>	<u>(5,251)</u>
Fund Cash Balance, January 1	<u>10,466</u>	<u>96,481</u>	<u>4,135</u>	<u>111,082</u>
Fund Cash Balance, December 31	<u>\$ 9,958</u>	<u>\$ 91,750</u>	<u>\$ 4,123</u>	<u>\$ 105,831</u>
Reserve For Encumbrances, December 31	<u>\$ 4,409</u>	<u>\$ 772</u>	<u>\$ -</u>	<u>\$ 5,181</u>

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

**VILLAGE OF WREN
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Wren, Van Wert County, (the Village) as a body corporate and politic. A publicly-elected six-member Council governs the Village. The Village provides general government services including street lighting, street repair and maintenance and park operations, and also provides Fire and Emergency Medical services with volunteer departments.

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

B. Basis of Accounting

These financial statements follow the basis of accounting the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements adequately disclose material matters the Auditor of State prescribes.

C. Cash and Investments

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

The Village values certificates of deposit at cost.

D. Fund Accounting

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

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Fund

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 receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

Fire and Emergency Medical Services Operating Fund – This fund receives tax levy monies, grant monies and contract services monies to be used for fire and medical emergency services.

**VILLAGE OF WREN
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2008 and 2007 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2008</u>	<u>2007</u>
Demand deposits	<u>\$108,736</u>	<u>\$105,831</u>

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

**VILLAGE OF WREN
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2008 and 2007 follows:

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$52,943	\$42,675	(\$10,268)
Special Revenue	75,571	71,938	(3,633)
Capital Projects	15	-	(15)
Total	\$128,529	\$114,613	(\$13,916)

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$61,715	\$56,164	\$5,551
Special Revenue	79,266	58,909	20,357
Capital Projects	-	-	-
Total	\$140,981	\$115,073	\$25,908

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$52,943	\$46,160	(\$6,783)
Special Revenue	75,571	70,288	(5,283)
Capital Projects	300,015	-	(300,015)
Total	\$428,529	\$116,448	(\$312,081)

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$64,287	\$51,077	\$13,210
Special Revenue	80,982	75,791	5,191
Capital Projects	300,000	12	299,988
Total	\$445,269	\$126,880	\$318,389

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Village council adopts 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 State pays the Village amounts equaling these deductions. The Village includes these with Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half payment is due December 31. The second half payment is due the following June 20.

**VILLAGE OF WREN
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

4. PROPERTY TAX (continued)

Property owners assess tangible personal property tax. They must file a list of tangible property to the County by each April 30. The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on the Village's behalf.

5. DEBT

Debt outstanding at December 31, 2008 was as follows:

	Principal	Interest Rate
Bond Anticipation Notes	\$71,579	5.82%
US Bank Note	6,549	6.30%
	\$78,128	

The Bond Anticipation Notes were issued for the purchase of a Fire Truck on June 11, 2002. The Village plans to repay the notes through revenues generated from fire protection contracts. The full faith, credit and revenue of the Village are pledged for the repayment of this debt. The principal sum of \$90,000 is to be paid off in bi-annual installment payments over 15 years using a 20 year amortization process and involving a final principal balloon payment of \$35,682.

The US Bank Note was issued to cover the remaining costs of the Jackson Street Project on February 7, 2005. The full faith, credit and revenue of the Village are pledged for the repayment of this debt. The principal sum of \$25,000 is to be paid off in monthly installments over 5 years using a 5 year amortization process.

Amortization of the above debt, including interest, follows:

	Bond Anticipation Notes	US Bank Note
<u>Year ending December 31:</u>		
2009	\$7,732	\$5,861
2010	7,732	976
2011	7,905	
2012	7,905	
2013	7,905	
2014-2017	59,396	
Total	\$ 98,575	\$6,837

6. RETIREMENT SYSTEMS

One part-time employee and the Village Clerk belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes the plans' retirement benefits, including postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2008 and 2007, OPERS members contributed 9.5 and 10 percent of their wages. The Village contributed an amount equal to 13.85 and 14 percent, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2008.

**VILLAGE OF WREN
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

7. RISK MANAGEMENT

Risk Pool Membership

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

The Village insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP.

PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage – For an occurrence prior to January 1, 2006 PEP retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence, including loss adjustment expenses. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with PEP.

If losses exhaust PEP's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (for claims prior to January 1, 2006) or \$3,000,000 (for claims on or after January 1, 2006) as noted above.

Property Coverage – Through 2004, PEP retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2006 was \$1,901,127.

The aforementioned casualty and property reinsurance agreements do not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position – PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2007 and 2006 (latest information available).

	<u>2007</u>	<u>2006</u>
Assets	\$37,560,071	\$36,123,194
Liabilities	<u>(17,340,825)</u>	<u>(16,738,904)</u>
Retained Earnings	<u>\$20,219,246</u>	<u>\$19,384,290</u>

**VILLAGE OF WREN
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

7. RISK MANAGEMENT (continued)

Settled claims have not exceeded this commercial coverage in any of the last three years. There have been no significant reductions in insurance coverage from last year.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u>Contributions to PEP</u>	
2006	\$4,900
2007	\$8,123
2008	\$ -0-

After completing one year of membership, members may withdraw on each anniversary of the date they joined PEP provided they give written notice to PEP 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

8. COMPLIANCE

- (1) Contrary to Ohio Rev. Code Section 4123.25 the Village did not report total payroll to the Bureau of Workers Compensation.
- (2) Contrary to Ohio Rev. Code Section 5705.41(D), the Village did not properly certify funds prior to a commitment being paid during 2007 and 2008.
- (3) Contrary to Ohio Rev. Code Section 5705.36, the Village estimated receipts exceeded actual receipts in the General Fund and Special Assessment Fund as December 31, 2007 causing actual resources to fall below the level of appropriation. This also occurred as of December 31, 2008 in the General Fund and Special Assessment Fund.
- (4) Contrary to Ohio Rev. Code Section 5705.39, the Village made appropriations in excess of what was available for appropriations in 2007 and 2008 concerning the Special Assessment Fund.
- (5) Contrary to Ohio Rev. Code Section 5705.10, the Village General fund and Special Assessment Fund had negative fund balances as of 12/31/08. This indicates that General and Special Assessment Fund resources were used to cover the expenses of another fund.

9. MISCELLANEOUS RECEIPTS

In 2007 and 2008, miscellaneous receipts of are comprised entirely of donations made to the Village.

Caudill & Associates, CPA's
725 5th Street
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**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an
Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

Village Council
Village of Wren
Van Wert County
P.O. Box 275
Wren, Ohio 45889

We have audited the accompanying financial statements of Village of Wren (the Village), Van Wert County, as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated March 31, 2009, wherein we noted The Village prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

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 auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness on the Village's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of 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 a misstatement of the Village's financial statements that is more than inconsequential will not be prevented or detected by the Village's internal control. We noted one matter concerning internal control over financial reporting that we considered a significant deficiency which is described in the accompanying Schedule of Findings and Responses as item 2008-006.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Village's internal control.

Our consideration of 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 internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

Village of Wren
Van Wert County

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed five instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings and Responses as items 2008-001, 2008-002, 2008-003, 2008-004, and 2008-005.

The Village's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. We did not audit the Village's responses and, accordingly, we express no opinion on them.

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

Caudill & Associates, CPA's

Caudill & Associates, CPA's

March 31, 2009

**VILLAGE OF WREN
VAN WERT COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2008 AND 2007**

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

FINDING NUMBER 2008-001

Noncompliance Citation – Ohio Rev. Code Section 4123.25

The Ohio Revised Code Section 4123.35 states that no employer shall knowingly misrepresent to the bureau of workers' compensation the amount or classification of payroll upon which the premium is based.

The Village did not report properly report the total payroll to the Bureau of Workers Compensation.

This Village may be liable to the state in an amount determined by the administrator of workers' compensation for not more than 10 times the amount of the difference between the premium paid and the amount the employer should have paid.

We recommend that the Village properly report total payroll amounts to the Bureau of Workers Compensation.

Village Response:

We received no response from the Village regarding this issue.

FINDING NUMBER 2008-002

Noncompliance Citation – Ohio Rev. Code Section 5705.41 (D)

Ohio Rev. Code Section 5705.41 (D) states no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer attached that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

The following exceptions to this basic requirement are provided by Ohio Rev. Code Section 5705.41 (D):

Then and Now Certificate: If the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant for the payment of the amount due.

The taxing authority has 30 days from the receipt of the "then and now" certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

Amounts of less than \$100 for counties, or less than \$3,000 for other political subdivisions, may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

The Village did not properly certify the availability of funds prior to obligation for 20.1% of purchases tested in 2007 and 38.1% of the purchases tested in 2008.

**VILLAGE OF WREN
VAN WERT COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2008 AND 2007**

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

FINDING NUMBER 2008-002 (Continued)

This could lead to deficient spending and other budgetary problems for the Village.

We recommend the Village implement policies to ensure that all purchases first have monies certified by the Clerk Treasurer before purchasing or ordering an item. We also recommend the use of a “then and now certificate in instances of emergency or absence of proper authority.

Village Response:

We received no response from the Village regarding this issue.

FINDING 2008-003

Non Compliance Citation Ohio Rev. Code Section 5705.36

Ohio Revised Code Section 5705.36 (A)(2) allows all subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources. ORC 5705.36 requires the Village to obtain an increased amended certificate of estimated resources from the budget commission if the legislative authority intends to appropriate and expend excess revenue. The Ohio Revised Code Section 5705.36 (A) (4) requires the Village to obtain a reduced amended certificate if the amount of the deficiency will reduce available resources below the current level of appropriation.

Estimated receipts exceeded actual receipts in the General Fund and Special Assessment Fund as December 31, 2007 causing actual resources to fall below the level of appropriation. This also occurred as of December 31, 2008 in the General Fund and Special Assessment Fund.

This could allow deficit spending to occur.

We recommend the Village Clerk/Treasurer obtain a reduced certificate of estimated resources when it is determined that estimated receipts will be less than the actual receipts causing resources to fall below the level of appropriations. Approval of the modifications should be enacted and documented in the Village Minutes.

Village response: We received no response from the Village regarding this issue.

**VILLAGE OF WREN
VAN WERT COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2008 AND 2007**

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

FINDING 2008-004

Non Compliance Citation Ohio Rev. Code Section 5705.39

Ohio Revised Code section 5705.39 states in part that total appropriations from each fund shall not exceed the total estimated resources.

The Village made appropriations in excess of what was available for appropriations in 2007 and 2008 concerning the Special Assessment Fund.

This could allow deficient spending to occur

We recommend that the Village appropriate only those funds that are certified on the final amended certificate of estimated resources.

Village Response:

We received no response from the Village regarding this issue.

FINDING 2008-005

Noncompliance Citation – Ohio Rev. Code Section 5705.10

Ohio Revised Code Section 5705.10 requires that resources belonging to one fund shall not be used to satisfy the obligation of another fund.

As of December 31, 2008 the Village General Fund had negative fund balance of \$573, indicating that General Fund resources were used to cover the expense of another fund. A negative fund balance also existed in the Special Assessment fund as of December 31, 2008 and as of December 31, 2007.

We recommend that the Village monitor the use of funds more closely.

Village response:

We received no response from the Village regarding this issue.

**VILLAGE OF WREN
VAN WERT COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2008 AND 2007**

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

FINDING 2008-006

Recommendation – Significant Deficiency

All receipts and disbursements should be posted in accordance with the UAN account codes recommended by the Auditor of State in the Village Handbook. Furthermore debt payments should be properly recorded with respect to interest and principle.

The Village did not properly classify various receipts during 2007 and 2008. The Village also did not properly record the interest portion of debt payments.

This could lead to unlawful use of Village funds.

We recommend that the Village implement policies to ensure that all receipts and disbursements are recorded properly according to the UAN codes recommended in the Village Handbook.

Village Response:

We received no response from the Village regarding this issue

**VILLAGE OF WREN
VAN WERT COUNTY**

*SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2008 AND 2007*

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2006 - 001	5705.41.(D) Untimely Certification of Funds	No	Not Corrected. Reissue as finding 2008 - 002
2006 - 002	Significant Deficiency - Time sheets	Yes	N/A
2006 - 003	Material Weakness - System Discrepancies	Yes	N/A
2006 - 004	5705.36 Amended certificates	No	Not Corrected. Reissue as finding 2008-003
2006 - 005	5705.41(B) Expenditures exceeding appropriations	Yes	N/A
2006 - 006	26 C.F.R. Section 16041-2 Gross Income not included on W-2s	Yes	N/A
2006 - 007	Material Weakness - Recording of Issue II monies	Yes	N/A
2006 - 008	5705.40 Amended appropriations	Yes	N/A
2006 - 009	Significant Deficiency - Access to Blank Checks	Yes	N/A



Mary Taylor, CPA
Auditor of State

VILLAGE OF WREN

VAN WERT 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 3, 2009