



Dave Yost • Auditor of State

VILLAGE OF WINDHAM
PORTAGE COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2011	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances (Cash Basis) - All Proprietary and Fiduciary Fund Types - For the Year Ended December 31, 2011	6
Notes to the Financial Statements	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	17
Schedule of Prior Audit Findings	19

THIS PAGE INTENTIONALLY LEFT BLANK.



Dave Yost • Auditor of State

Village of Windham
Portage County
9621 East Center Street
Windham, Ohio 44288

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

June 7, 2012

THIS PAGE INTENTIONALLY LEFT BLANK.



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of Windham
Portage County
9621 East Center Street
Windham, Ohio 44288

To the Village Council:

We have audited the accompanying financial statements of the Village of Windham, Portage County, (the Village) as of and for the year ended December 31, 2011. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

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

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Governments to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2011 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2011, or its changes in financial position or cash flows for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Windham, Portage County, as of December 31, 2011, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 1, during 2011 the Village of Windham adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 7, 2012, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Dave Yost
Auditor of State

June 7, 2012

**VILLAGE OF WINDHAM
PORTAGE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$72,624	\$847		\$73,471
Municipal Income Tax	504,914			504,914
Intergovernmental	307,463	65,665	\$128,573	501,701
Charges for Services	105	9,730		9,835
Fines, Licenses and Permits	108,968	88		109,056
Earnings on Investments	1,068	34		1,102
Miscellaneous	985			985
<i>Total Cash Receipts</i>	<u>996,127</u>	<u>76,364</u>	<u>128,573</u>	<u>1,201,064</u>
Cash Disbursements				
Current:				
Security of Persons and Property	635,870	82		635,952
Leisure Time Activities	1,680			1,680
Community Environment		10,058		10,058
Basic Utility Services	1,543			1,543
Transportation	22,399	61,403		83,802
General Government	316,599			316,599
Capital Outlay			147,716	147,716
<i>Total Cash Disbursements</i>	<u>978,091</u>	<u>71,543</u>	<u>147,716</u>	<u>1,197,350</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>18,036</u>	<u>4,821</u>	<u>(19,143)</u>	<u>3,714</u>
Other Financing Receipts (Disbursements)				
Transfers In			19,143	19,143
Transfers Out	(19,143)			(19,143)
Advances In	36,823			36,823
Advances Out	(17,000)			(17,000)
Other Financing Sources	18,399	83		18,482
Other Financing Uses	(400)			(400)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>18,679</u>	<u>83</u>	<u>19,143</u>	<u>37,905</u>
<i>Net Change in Fund Cash Balances</i>	36,715	4,904	0	41,619
<i>Fund Cash Balances, January 1</i>	<u>163,018</u>	<u>43,201</u>		<u>206,219</u>
Fund Cash Balances, December 31				
Nonspendable	0	0	0	0
Restricted	0	48,105	0	48,105
Committed	0	0	0	0
Assigned	0	0	0	0
Unassigned (Deficit)	199,733	0	0	199,733
<i>Fund Cash Balances, December 31</i>	<u>\$199,733</u>	<u>\$48,105</u>	<u>\$0</u>	<u>\$247,838</u>

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

**VILLAGE OF WINDHAM
PORTAGE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Proprietary Fund Types	Fiduciary Fund Types	Totals
	Enterprise	Agency	(Memorandum Only)
Operating Cash Receipts			
Charges for Services	\$1,833,233		\$1,833,233
Miscellaneous	510		510
<i>Total Operating Cash Receipts</i>	<u>1,833,743</u>	<u>0</u>	<u>1,833,743</u>
Operating Cash Disbursements			
Personal Services	244,267		244,267
Employee Fringe Benefits	80,903		80,903
Contractual Services	171,648		171,648
Supplies and Materials	292,176		292,176
Other	598		598
<i>Total Operating Cash Disbursements</i>	<u>789,592</u>	<u>0</u>	<u>789,592</u>
<i>Operating Income (Loss)</i>	<u>1,044,151</u>	<u>0</u>	<u>1,044,151</u>
Non-Operating Receipts (Disbursements)			
Earnings on Investments (proprietary funds only)	148		148
Miscellaneous Receipts	420		420
Capital Outlay	(3,124)		(3,124)
Principal Retirement	(31,900)		(31,900)
Interest and Other Fiscal Charges	(67,007)		(67,007)
Other Financing Sources	1,300		1,300
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(100,163)</u>	<u>0</u>	<u>(100,163)</u>
<i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	943,988	0	943,988
Transfers In	111,257		111,257
Transfers Out	(111,257)		(111,257)
Advances In	17,000		17,000
Advances Out	(36,823)		(36,823)
<i>Net Change in Fund Cash Balances</i>	924,165	0	924,165
<i>Fund Cash Balances, January 1</i>	<u>337,721</u>	<u>443</u>	<u>338,164</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$1,261,886</u></u>	<u><u>\$443</u></u>	<u><u>\$1,262,329</u></u>

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

**VILLAGE OF WINDHAM
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011**

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 Windham, Portage County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, and police services.

Jointly Governed Organizations:

The Village participates in one jointly governed organization. Note 10 to the financial statements provides additional information about this entity. The Village is a member of the WVFD Joint Fire District, which provides for fire protection and EMS services to Village residents

Public Entity Risk Pool:

The Village belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program. Note 8 to the financial statements provide additional information about this entity.

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

B. Accounting Basis

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

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposits and Investments

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

The Village values savings accounts 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.

**VILLAGE OF WINDHAM
PORTAGE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-(Continued)

2. Special Revenue Funds

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

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

3. Capital Project Funds

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

Permanent Improvement Fund – This fund received proceeds from on-behalf grants from the Ohio Public Works Commission (OPWC) for the Storm Sewer Catch Basin Replacement Program. On-behalf grants represent monies in which the State makes payments to the contractor(s) for its share based on invoices submitted by the Village. The State will then notify the Village's fiscal officer of the amount disbursed.

4. Enterprise Funds

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

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

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

5. Fiduciary Funds

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

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund accounts for unclaimed monies held on behalf of individuals whom they have not been able to locate.

VILLAGE OF WINDHAM
PORTAGE COUNTY

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2011 budgetary activity appears in Note 4.

F. Fund Balance

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

1. Nonspendable

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

2. Restricted

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

VILLAGE OF WINDHAM
PORTAGE COUNTY

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-(Continued)

3. Committed

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

4. Assigned

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

5. Unassigned

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

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

G. Property, Plant, and Equipment

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

H. Accumulated Leave

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

**VILLAGE OF WINDHAM
PORTAGE COUNTY**

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

2. CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET ASSETS/FUND EQUITY

For fiscal year 2011, the Village reclassified its Revolving Loan Fund (Fund 2903). The Revolving Loan Fund maintains monies which the Ohio Department of Development (ODOD) has determined to be "Found Money". ODOD has provided Council permission to use these monies in any way Council deems appropriate. Therefore, these monies are not restricted to use in any way. Council has determined to maintain these monies in the original Special Revenue Fund separate from the General Fund so they can aid other funds as they deem necessary. Council has reclassified these monies for reporting purposes only as they have determined to maintain these monies in Fund 2903. This is one fund which is required by the revised fund classification guidance in Governmental Accounting Standard Board (GASB) Statement No. 54. Implementing GASB Statement No. 54 had the following effect on fund balances previously reported:

	Fund Balance at December 31, 2011	GASB 54 Change in Fund Structure	Adjusted Fund Balance at December 31, 2011
General	149,600	50,133	199,733
Special Revenue	98,238	(50,133)	48,105

3. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

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

	2011
Demand deposits	<u>\$1,432,815</u>
Savings Accounts	<u>77,352</u>
Total deposits and investments	<u>1,510,167</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution's public entity deposit pool. Although the securities were held by the pledging financial institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the Village to a successful claim by the FDIC.

4. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2011 follows:

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,088,074	\$1,014,526	(\$73,548)
Special Revenue	214,250	76,447	(137,803)
Capital Projects	147,716	147,716	0
Enterprise	2,102,870	1,946,868	(156,002)
Total	<u>\$3,552,910</u>	<u>\$3,185,557</u>	<u>(\$367,353)</u>

**VILLAGE OF WINDHAM
PORTAGE COUNTY**

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

4. BUDGETARY ACTIVITY--(Continued)

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,017,722	\$997,634	\$20,088
Special Revenue	142,665	71,543	71,122
Capital Projects	147,716	147,716	0
Enterprise	1,259,993	1,002,880	257,113
Total	\$2,568,096	\$2,219,773	\$348,323

5. PROPERTY TAX

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

6. LOCAL INCOME TAX

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

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

7. DEBT

Debt outstanding at December 31, 2011 was as follows:

	Principal	Interest Rate
USDA Mortgage Revenue Bonds	\$1,311,800	4.3 % to 6.5%
Total	\$1,311,800	

In 1987, \$965,000 of Mortgage Revenue Bonds were issued by the United States Department of Agriculture (USDA) for waterworks system improvements. Property and revenue of the utility facilities have been pledged to pay these bonds. The Village has agreed to set utility rates sufficient to cover these USDA Mortgage Revenue service requirements.

**VILLAGE OF WINDHAM
PORTAGE COUNTY**

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

7. DEBT-(Continued)

In 2005, the Village began the East Center Street Sewer Expansion Project in which they have borrowed a total amount of \$705,000 from the Ohio Water Development Authority (OWDA). As of December 31, 2006, the Village had received the \$705,000. In 2007, the United States Department of Agriculture (USDA) issued bonds for the Village in the amount of \$705,000 to pay the OWDA loan in full during 2007. The Village has agreed to set utility rates sufficient to cover these USDA bond service requirements

As required by the mortgage revenue bond covenants, the Village has established and funded two debt service reserve funds, included within the enterprise fund as the water debt service reserve fund and sewer debt service reserve fund. The balance in the funds at December 31, 2011 is \$62,822 and \$14,529, respectively.

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

Year ending December 31:	USDA Mortgage Revenue Bonds
2012	\$98,592
2013	99,101
2014	98,583
2015	98,991
2016	99,266
2017-2021	493,849
2022-2026	494,153
2027-2031	247,288
2032-2036	184,960
2037-2041	184,919
2042-2046	184,754
2047	36,904
Total	\$2,321,360

8. RETIREMENT SYSTEMS

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

The Ohio Revised Code also prescribes contribution rates. For 2011, OP&F participants contributed 10% of their wages. For 2011, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2011, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2011.

**VILLAGE OF WINDHAM
PORTAGE COUNTY**

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

9. RISK MANAGEMENT

Prior to 2009, the Village belonged to the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan was legally separate from its member governments.

On January 1, 2009, through an internal reorganization, the Plan created three separate non-profit corporations including:

- Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Risk Management Plan;
- Ohio Plan Healthcare Consortium, Inc. (OPHC) - formerly known as the Ohio Healthcare Consortium; and
- Ohio Plan, Inc. - mirrors the oversight function previously performed by the Board of Directors. The Board of Trustees consists of eleven (11) members that include appointed and elected officials from member organizations.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio. These coverage programs, referred to as Ohio Plan Risk management ("OPRM"), are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retains 40% (17.5% through October 31, 2010 and 15% through October 31, 2009) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 761 and 725 members as of December 31, 2010 and 2009 respectively. The Village does not participate in this coverage.

The Plan formed the Ohio Plan Healthcare Consortium ("OPHC"), as authorized by Section 9.833 of the Ohio Revised Code. The OPHC was established to provide cost effective employee benefit programs for Ohio political sub-divisions and is a self-funded, group purchasing consortium that offers medical, dental, vision and prescription drug coverage as well as life insurance for its members. The OPHC is sold through seventeen appointed independent agents in the State of Ohio. Coverage programs are developed specific to each member's healthcare needs and the related premiums for coverage are determined through the application of uniform underwriting criteria. Variable plan options are available to members. These plans vary primarily by deductibles, coinsurance levels, office visit co-pays and out-of pocket maximums. OPHC had 65 and 60 members as of December 31, 2010 and 2009 respectively. The Village does not participate in this coverage.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

**VILLAGE OF WINDHAM
PORTAGE COUNTY**

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

9. RISK MANAGEMENT—(Continued)

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31: 2010 and 2009 (the latest information available), and include amounts for both OPRM and OPHC:

	2010		2009	
	OPRM	OPHC	OPRM	OPHC
Assets	\$12,036,541	\$1,355,131	\$11,176,186	\$1,358,802
Liabilities	(4,845,056)	(1,055,096)	(4,852,485)	(1,253,617)
Members' Equity	<u>\$7,191,485</u>	<u>\$300,035</u>	<u>\$6,323,701</u>	<u>\$105,185</u>

You can read the complete audited financial statements for OPRM and OPHC at the Plan's website, www.ohioplan.org.

10. JOINTLY GOVERNED ORGANIZATIONS

WVFD Joint Fire District (the District): The District provides fire and EMS services to its members. District members include Village of Windham and Windham Township. The District is governed by a five-member board consisting of one official from each member's elected governing body; one resident from the Village and the Township; and one member is appointed by the four other members. The District is solely funded by voter approved tax levies. No funding is received from District Members.

THIS PAGE INTENTIONALLY LEFT BLANK.



Dave Yost • Auditor of State

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

Village of Windham
Portage County
9621 East Center Street
Windham, Ohio 44288

To the Village Council:

We have audited the financial statements of the Village of Windham (the Village) as of and for the year ended December 31, 2011, and have issued our report thereon dated June 7, 2012 wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America, and that the Village adopted Governmental Accounting Standards Board Statement No. 54 (GASB 54). We also noted the Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

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

We did note certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated June 7, 2012.

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

June 7, 2012

**VILLAGE OF WINDHAM
PORTAGE COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2010-01	Allocation of Payroll Expense without Proper Documentation or Authority by Council	No	Partially Corrected – Management Letter for Mayor’s Pay

This page intentionally left blank.



Dave Yost • Auditor of State

VILLAGE OF WINDHAM

PORTAGE 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
JUNE 28, 2012