



**VILLAGE OF WREN
VAN WERT COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF WREN
VAN WERT COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2000	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 1999	4
Notes to the Financial Statements	5
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	11
Schedule of Findings	13
Schedule of Prior Audit Findings	15

This page intentionally left blank.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One First National Plaza
130 West Second Street
Suite 2040
Dayton, Ohio 45402
Telephone 937-285-6677
800-443-9274
Facsimile 937-285-6688
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Village of Wren
Van Wert County
P.O. Box 275
Wren, Ohio 45899

To the Village Council:

We have audited the accompanying financial statements of the Village of Wren, Van Wert County, (the Village) as of and for the years ended December 31, 2000 and December 31, 1999. 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 generally accepted auditing standards 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 discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village as of December 31, 2000 and December 31, 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 22, 2001 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of management and Village Council and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

February 22, 2001

**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, 2000**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$8,390	\$2,489	\$10,879
Special Assessments		4,164	4,164
Intergovernmental Receipts	27,901	9,155	37,056
Charges for Services		33,678	33,678
Fines, Licenses, and Permits	50		50
Earnings on Investments	645	1,733	2,378
Miscellaneous	3,962	10,480	14,442
	<u>40,948</u>	<u>61,699</u>	<u>102,647</u>
Total Cash Receipts			
Cash Disbursements:			
Security of Persons and Property		25,960	25,960
Public Health Services	1,030		1,030
Transportation		5,149	5,149
General Government	29,777	2,224	32,001
Debt Service	2,481	1,063	3,544
	<u>33,288</u>	<u>34,396</u>	<u>67,684</u>
Total Disbursements			
Total Receipts Over/(Under) Disbursements	7,660	27,303	34,963
Fund Cash Balances January 1	<u>21,460</u>	<u>76,051</u>	<u>97,511</u>
Fund Cash Balances, December 31	<u><u>\$29,120</u></u>	<u><u>\$103,354</u></u>	<u><u>\$132,474</u></u>

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, 1999**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$7,954	\$2,442	\$10,396
Special Assessments		4,124	4,124
Intergovernmental Receipts	31,513	10,636	42,149
Charges for Services		16,005	16,005
Fines, Licenses, and Permits	25		25
Earnings on Investments	453	1,716	2,169
Miscellaneous	3,999	5,824	9,823
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	43,944	40,747	84,691
Cash Disbursements:			
Security of Persons and Property		24,272	24,272
Public Health Services	678		678
Leisure Time Activities	2,000		2,000
Transportation		2,702	2,702
General Government	35,362	2,312	37,674
Debt Service	1,117	479	1,596
Capital Outlay	10,134	4,343	14,477
	<hr/>	<hr/>	<hr/>
Total Disbursements	49,291	34,108	83,399
Total Receipts Over/(Under) Disbursements	(5,347)	6,639	1,292
Other Financing Receipts:			
Sale of Notes	10,290	4,410	14,700
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	4,943	11,049	15,992
Fund Cash Balances January 1	16,517	65,002	81,519
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$21,460</u>	<u>\$76,051</u>	<u>\$97,511</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, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Wren, Van Wert County, (the Village) is a body corporate and politic 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 publicly-elected six-member Council. The Village provides general governmental services, including street lighting and street repair and maintenance.

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 prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

C. Cash and Investments

Certificates of deposit are valued 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 is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Fund

These funds are used to 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 Fund - This fund receives revenue from contracts, a tax levy and grants to provide fire and medical emergency services.

**VILLAGE OF WREN
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

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, program or object level of control, and appropriations may not exceed estimated resources. The 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 canceled, and reappropriated in the subsequent year. The Village did not encumber all commitments required by Ohio law.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2000</u>	<u>1999</u>
Demand deposits	\$ 99,474	\$ 74,231
Certificates of deposit	<u>33,000</u>	<u>23,280</u>
Total deposits	<u>\$ 132,474</u>	<u>\$ 97,511</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation

**VILLAGE OF WREN
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and December 31, 1999 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 51,644	\$ 40,948	\$ (10,696)
Special Revenue	<u>47,110</u>	<u>61,699</u>	<u>14,589</u>
Total	<u>\$ 98,754</u>	<u>\$ 102,647</u>	<u>\$ 3,893</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 40,610	\$ 33,288	\$ 7,322
Special Revenue	<u>39,120</u>	<u>34,396</u>	<u>4,724</u>
Total	<u>\$ 79,730</u>	<u>\$ 67,684</u>	<u>\$ 12,046</u>

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 34,888	\$ 54,234	\$ 19,346
Special Revenue	<u>47,734</u>	<u>45,157</u>	<u>(2,577)</u>
Total	<u>\$ 82,622</u>	<u>\$ 99,391</u>	<u>\$ 16,769</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 34,816	\$ 49,291	\$ (14,475)
Special Revenue	<u>34,765</u>	<u>34,108</u>	<u>657</u>
Total	<u>\$ 69,581</u>	<u>\$ 83,399</u>	<u>\$ (13,818)</u>

**VILLAGE OF WREN
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

Ohio Rev Code Section 5705.40 (B), states that no subdivision shall make any expenditure of money unless it has been lawfully appropriated. Expenditures exceeded appropriations for the following funds at December 31, 1999 and December 31, 2000:

1999	Appropriations	Expenditures	Variance
General Fund	\$34,816	\$49,291	(\$14,475)
Special Revenue Funds:			
Street Construction Maintenance & Repair	5,250	8,068	(2,818)
2000			
Special Revenue Funds:			
Street Construction Maintenance & Repair	5,675	6,753	(1,078)

4. PROPERTY TAX

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

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

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

5. DEBT

Debt outstanding at December 31, 2000 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Promissory Note for Tractor	\$ 11,091	7.5%

The promissory note relates to the purchase of a tractor. The loan will be repaid in monthly installments of \$295.35 over 5 years.

**VILLAGE OF WREN
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

5. DEBT (Continued)

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

<u>Year ending December 31:</u>	<u>Promissory Note</u>
2001	\$ 3,544
2002	3,544
2003	3,544
2004	<u>1,773</u>
Total	<u>\$ 12,405</u>

6. RETIREMENT SYSTEMS

Effective July 1, 1991, all employees not otherwise covered by a State retirement system have an option to choose social security or the appropriate state system. As of December 31, 2000, the Village's Mayor, Clerk, Council members and part-time employees participated in Social Security. The Village's liability is 6.2 percent of wages paid.

7. RISK MANAGEMENT

The Village is a member of the Ohio Government Risk Management Plan (the "Plan"). The Plan is an unincorporated non-profit association of its members and an instrumentality for each member for the sole purpose of enabling members of the Plan to provide for a formalized, jointly administered self-insurance program to maintain adequate self-insurance protection, risk management programs and other administrative services. The Plan is deemed a separate legal entity for the public purpose of enabling its members to obtain self-insurance through a jointly administered self-insurance fund. The Plan was established to provide property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through ten appointed agents in the State of Ohio. Coverage programs 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. The Plan has agreed to pay judgments, settlements and other expenses resulting from claims arising related to the coverage provided in excess of the member's deductible. The Plan has chosen to adopt the forms and endorsements of conventional insurance coverage and to reinsure these coverages 100% rather than utilize a risk pool of member funds to pay individual and collective losses up to a given retention, and then have excess reinsurance coverage above the retention amount. Therefore, the individual members are only responsible for their self-retention (deductible) amounts which vary from member to member. The Village maintained the following insurance coverages:

- General liability - Governmental Medical Service Liability
- Fire Department Errors and Omissions - Automobile Liability
- Public Officials Wrongful Act Liability - Property (Vehicle) Coverage
- Property (Building & Contents) - Valuable Papers and Records
- Inland Marine - Equipment Breakdown
- Bonds - Electronic Equipment

This page intentionally left blank.



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

One First National Plaza
130 West Second Street
Suite 2040
Dayton, Ohio 45402
Telephone 937-285-6677
800-443-9274
Facsimile 937-285-6688
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Village of Wren
Van Wert County
P.O. Box 275
Wren, Ohio 45899

To the Village Council:

We have audited the accompanying financial statements of the Village of Wren, Van Wert County, (the Village), as of and for the years ended December 31, 2000 and December 31, 1999, and have issued our report thereon dated February 22, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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 grants, 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 instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings as items 2000-30281-001 through 2000-30281-004. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated February 22, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated February 22, 2001.

Village of Wren
Van Wert County
Report of Independent Accountants on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

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

Jim Petro
Auditor of State

February 22, 2001

**VILLAGE OF WREN
VAN WERT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999**

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

Finding Number	2000-30281-001
-----------------------	-----------------------

Ohio Rev. Code Section 5705.10 states that all revenue derived from the general levy for current expense within the ten-mill limitation, from any general levy for current expense authorized by vote in excess of the ten-mill limitation, and from sources other than the general property tax, unless its use for a particular purpose is prescribed by law shall be paid into the general fund.

Revenue generated from the general levy for current expense within the ten-mill limitation was recorded in the Fire and EMS Operating Fund, rather than into the General Fund.

An adjustment has been made from the Fire and EMS Operating Fund in the amount of \$4,572 in favor of the General Fund. The accompanying financial statements reflect the above noted adjustment and the adjustments have been posted to the accounting records of the Village.

Finding Number	2000-30281-002
-----------------------	-----------------------

Ohio Rev. Code Section 5705.41 (B), states that no subdivision shall make any expenditure of money unless it has been lawfully appropriated. Expenditures exceeded appropriations for the following funds as of December 31, 1999 and December 31, 2000:

1999	Appropriations	Expenditures	Variance
General Fund	\$34,816	\$49,291	(\$14,475)
Special Revenue Funds			
Street Construction Maintenance & Repair	\$5,250	8,068	(2,818)
2000			
Special Revenue			
Street Construction Maintenance & Repair	5,675	6,753	(1,078)

Finding Number	2000-30281-003
-----------------------	-----------------------

Ohio Rev. Code Section 5705.09(D), states that each subdivision shall establish a fund for each special levy.

The Village has a special levy for emergency medical services, however they have not established a separate fund for this levy.

The Village should establish a special fund to record the revenues generated from the emergency medical services levy.

VILLAGE OF WREN
VAN WERT COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999
(Continued)

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

Finding Number	2000-30281-004
-----------------------	-----------------------

Ohio Rev Code Section 5705.41(D), states that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the appropriate fund free from any previous encumbrance. If no certificate is issued at the time the contract or order is entered into, the fiscal officer may later certify that there were funds properly appropriated and in the treasury or in the process of collection and such funds are free from previous encumbrances both at the time the contract or order was entered into and at the time of payment. After certifying this, the fiscal officer may proceed to pay for such order or contract. If the amount involved is over \$1,000, the taxing authority must approve of such payment within 30 days of the date of the fiscal officer's certification.

The expenditures of the Village did not have proper certification. For the first four months of 1999, the Village did not certify funds. During 2000, only 5 of the 49 purchase orders issued were certified/signed by the Clerk/Treasurer.

The fiscal officer's certificate should be obtained for each expenditure at the time the purchase is initiated. Failure to comply with this requirement can result in the Village expending funds that it does not have in its treasury.

**VILLAGE OF WREN
VAN WERT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2000 AND 1999**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
1998-30281-001	Minutes	Yes	
1998-30281-002	Ohio Rev Code Section 5705.41(D) - no proper certification	No	Not corrected, see finding #2000-30281-004
1998-30281-003	Ohio Rev Code Section 5705.41(B) - Expenditures in excess of appropriations	No	Not corrected, see finding #2000-30281-002
1998-30281-004	Ohio Rev Code Section 145.03(A) - PERS not being withheld	No	Not corrected, issued in management letter
1998-30281-005	Ohio Rev Code Section 5705.39 - Appropriations in excess of estimated revenue	Yes	
1998-30281-006	Annual Financial Report/Accounting Records	Yes	
1998-30281-007	Monitoring Village Financial Activity	Yes	



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

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
APRIL 17, 2001**