

**VILLAGE OF FREDERICKSBURG  
WAYNE COUNTY, OHIO**

**REGULAR AUDIT**

**For The Years  
Ended December 31, 2005 – 2004**





## Auditor of State Betty Montgomery

Members of Council and Mayor  
Village of Fredericksburg  
206 N. Mill  
Fredericksburg, Ohio 44627

We have reviewed the *Independent Auditor's Report* of the Village of Fredericksburg, Wayne County, prepared by Ken Richards & Associates, Ltd., for the audit period January 1, 2004 through December 31, 2005. 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.

### **Finding for Recovery**

#### **Overpayment of Compensation**

**Village Ordinance No. 305-2-2005** states, "For services ordinarily required in the course of employment including attendance at two Council meetings per month, informal legal opinions, preparation of routine ordinances and resolutions, the Solicitor shall be paid at the rate of \$3,200 a year, during the period of his service, payable quarterly, plus expenses advanced on behalf of the Village when itemized to the clerk and approved by Council."

During 2005, the Village compensated F. Christopher Oehl \$3,600 resulting in an overpayment of \$400.

In accordance with the foregoing facts and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against F. Christopher Oehl, Village Solicitor and Dr. Harold Gwin, Village Clerk, jointly and severally, in the amount of \$400.

Members of Council and Mayor  
Village of Fredericksburg  
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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 Fredericksburg is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

BETTY MONTGOMERY  
Auditor of State

September 6, 2006

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**VILLAGE OF FREDERICKSBURG  
WAYNE COUNTY, OHIO**

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## **Independent Auditor's Report**

Members of Council and Mayor  
Village of Fredericksburg  
206 N. Mill  
Fredericksburg, OH 44627

We have audited the accompanying financial statements of the Village of Fredericksburg, Wayne County, Ohio, as of and for the years ended December 31, 2005 and 2004. These financial statements are the responsibility of the Village of Fredericksburg'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 obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly we express no such opinion. 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 2, the Village of Fredericksburg 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 of Fredericksburg to reformat its financial presentation and make other changes effective for the years ended December 31, 2005 and 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2005 and 2004. While the Village of Fredericksburg 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 of Fredericksburg has elected not to reformat its statements. Since this Village of Fredericksburg 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, 2005 and 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the

Independent Auditor's Report  
Village of Fredericksburg  
Page 2

financial position of the Village of Fredericksburg as of December 31, 2005 and 2004, or its changes in financial position or cash flows of its proprietary funds for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash fund balances of the Village of Fredericksburg, Wayne County, as of December 31, 2005 and 2004 and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 2.

The aforementioned revision to generally accepted accounting principles also requires the Village of Fredericksburg to include Management's Discussion and Analysis for the years ended December 31, 2005 and 2004. The Village of Fredericksburg 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 a report dated June 29, 2006, on our consideration of the Village of Fredericksburg'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 do 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.

*Ken Richards & Associates, LTD.*

Ken Richards & Associates, Ltd.  
June 29, 2006



**VILLAGE OF FREDERICKSBURG  
WAYNE COUNTY, OHIO**

COMBINED STATEMENT OF CASH FUND BALANCES  
ALL FUND TYPES  
DECEMBER 31, 2005 AND 2004

	2005	2004
<u>Cash and Investments</u>		
Cash and Cash Equivalents	\$ 294,054	\$ 349,691
Investments	59,308	56,484
Total Cash and Investments	\$ 353,362	\$ 406,175
 <u>Cash Fund Balances</u>		
<u>Government Fund Types</u>		
General Fund	\$ 57,443	\$ 64,979
Special Revenue	79,070	70,866
Total Governmental Funds	\$ 136,513	\$ 135,845
 <u>Proprietary Fund Type:</u>		
Enterprise	\$ 216,849	\$ 270,330
Total Fund Balances	\$ 353,362	\$ 406,175

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF FREDERICKSBURG  
WAYNE COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN CASH FUND BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2005

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash receipts:				
Local taxes	\$ 31,155	\$ 16,270	\$ -	\$ 47,425
Intergovernmental	19,931	23,070	8,545	51,546
Charges for services	13,500	-	-	13,500
Interest	1,475	372	-	1,847
Miscellaneous	7,002	1,260	-	8,262
Total cash receipts	73,063	40,972	8,545	122,580
Cash disbursements:				
Current:				
Security of persons and property	34,263	20,480	-	54,743
Public health services	1,481	-	-	1,481
Community environment	2,106	-	-	2,106
Transportation		12,288	-	12,288
General government	41,076	-	-	41,076
Total cash disbursements	78,926	32,768	0	111,694
Total cash receipts over (under) cash disbursements	(5,863)	8,204	8,545	10,886
Other Uses	(1,673)	-	(8,545)	(10,218)
Excess of Cash Receipts Over/(Under) Disbursements and Other Uses	(7,536)	8,204	-	668
Cash fund balances, January 1, 2005	64,979	70,866	-	135,845
Cash fund balances, December 31, 2005	\$ 57,443	\$ 79,070	\$ -	\$ 136,513

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF FREDERICKSBURG  
WAYNE COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH  
FUND BALANCES - PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2005

	Proprietary Fund Type
	Enterprise
Operating cash receipts:	
Charges for services	\$ 158,576
Miscellaneous	10,030
Total operating cash receipts	168,606
Operating cash disbursements:	
Personal services	29,358
Contractual services	32,930
Supplies and material	33,357
Total operating cash disbursements	95,645
Operating income	72,961
Nonoperating cash disbursements	
Debt service:	
Principal	72,921
Interest	53,521
Total nonoperating cash disbursements	126,442
Net Loss	(53,481)
Cash fund balances, January 1, 2005	270,330
Cash fund balances, December 31, 2005	\$ 216,849

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF FREDERICKSBURG  
WAYNE COUNTY, OHIO**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN CASH FUND BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Governmental Fund Types</u>		Total Memorandum Only
	<u>General</u>	<u>Special Revenue</u>	
Cash receipts:			
Local taxes	\$ 32,953	\$ 16,141	\$ 49,094
Intergovernmental	19,633	22,842	42,475
Charges for services	13,500	-	13,500
Interest	940	809	1,749
Miscellaneous	6,484	-	6,484
Total cash receipts	<u>73,510</u>	<u>39,792</u>	<u>113,302</u>
Cash disbursements			
Current:			
Security of persons and property	28,810	20,435	49,245
Public health services	1,449	-	1,449
Community environment	1,575	-	1,575
Transportation		20,620	20,620
General government	34,074	-	34,074
Total cash disbursements	<u>65,908</u>	<u>41,055</u>	<u>106,963</u>
Total cash receipts over (under) cash disbursements	<u>7,602</u>	<u>(1,263)</u>	<u>6,339</u>
Other Uses	<u>(22,591)</u>	<u>-</u>	<u>(22,591)</u>
Excess of Cash Receipts Over/(Under) Disbursements and Other Uses	(14,989)	(1,263)	(16,252)
Cash fund balances, January 1, 2004	<u>79,968</u>	<u>72,129</u>	<u>152,097</u>
Cash fund balances, December 31, 2004	<u>\$ 64,979</u>	<u>\$ 70,866</u>	<u>\$ 135,845</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF FREDERICKSBURG  
WAYNE COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH  
FUND BALANCES - PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
Operating cash receipts:	
Charges for services	\$ 158,331
Miscellaneous	5,959
Total operating cash receipts	<u>164,290</u>
Operating cash disbursements:	
Personal services	28,056
Contractual services	12,877
Supplies and material	25,041
Total operating cash disbursements	<u>65,974</u>
Operating income	<u>98,316</u>
Nonoperating cash disbursements	
Debt service:	
Principal	46,193
Interest	38,101
Total nonoperating cash disbursements	<u>84,294</u>
Net Income	14,022
Cash fund balances, January 1, 2004	<u>256,308</u>
Cash fund balances, December 31, 2004	<u><u>\$ 270,330</u></u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF FREDERICKSBURG  
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004**

**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 Fredericksburg, Wayne 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 water and sewer utilities, park operations and fire protection services.

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 accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. This basis 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's investments are limited to an overnight sweep account and a certificate of deposit. The overnight sweep account is 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 reports all financial resources except those required to be accounted for in another fund.

**VILLAGE OF FREDICKSBURG  
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(CONTINUED)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2. Special Revenue Funds**

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

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

Police Fund – This fund receives local property tax money to pay for the contract with the Wayne County Sheriff’s Department for police protection.

**3. Capital Project Funds**

These funds account for receipts restricted to acquiring or constructing major capital projects.

Issue Two – This fund receives state receipts for the construction and repair of roads.

**4. Proprietary Funds**

Enterprise Funds

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

Water Fund – This fund receives charges for services from residents to cover the cost of providing this utility.

Sanitary Sewer Fund – This fund receives charges for services from residents to cover the cost of providing this utility.

**VILLAGE OF FREDICKSBURG  
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(CONTINUED)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund 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. 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 commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2005 and 2004 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.

**G. 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 FREDICKSBURG  
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(CONTINUED)**

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

The Village maintains a cash and investments pool for 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>2005</u>	<u>2004</u>
Interest Bearing Checking	\$294,054	\$349,691
Certificate of Deposit	<u>59,308</u>	<u>56,484</u>
 Total deposits and investments	 <u>\$353,362</u>	 <u>\$406,175</u>

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2005 and 2004 follows:

2005 Budgeted vs. Actual Receipts			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 72,600	\$ 73,063	\$ 463
Special Revenue	41,300	40,972	(328)
Capital Projects	-	8,545	8,545
Enterprise	<u>164,000</u>	<u>168,606</u>	<u>4,606</u>
Total	<u>\$360,300</u>	<u>\$288,362</u>	<u>\$13,286</u>

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$137,178	\$ 80,599	\$ 56,579
Special Revenue	110,166	32,768	77,398
Capital Projects	-	8,545	(8,545)
Enterprise	<u>434,330</u>	<u>222,087</u>	<u>212,243</u>
Total	<u>\$681,674</u>	<u>\$343,999</u>	<u>\$337,675</u>

**VILLAGE OF FREDICKSBURG  
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(CONTINUED)**

2004 Budgeted vs. Actual Receipts			
<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 68,800	\$ 73,510	\$ 4,710
Special Revenue	36,550	39,792	3,242
Enterprise	<u>159,900</u>	<u>164,290</u>	<u>4,390</u>
Total	<u>\$265,250</u>	<u>\$277,592</u>	<u>\$12,342</u>

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$148,768	\$ 88,499	\$ 60,269
Special Revenue	108,629	41,055	67,574
Enterprise	<u>416,209</u>	<u>182,610</u>	<u>233,599</u>
Total	<u>\$673,606</u>	<u>\$312,164</u>	<u>\$361,442</u>

**4. DEBT OBLIGATIONS**

Debt outstanding at December 31, 2005 follows:

	<u>Principal</u>	<u>Interest Rate</u>
OWDA Loan	\$817,092	4.12%

The Ohio Water Development Authority (OWDA) loan relates to the construction of a municipal wastewater treatment plant and a sanitary sewer system. This loan will be repaid in semiannual installments with 4.12% interest over 20 years. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

**VILLAGE OF FREDICKSBURG  
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(CONTINUED)**

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

<u>Year Ending December 31</u>	<u>OWDA Loan</u>	<u>Principal</u>	<u>Interest</u>
2006	\$ 42,147	\$ 25,315	\$ 16,832
2007	84,294	52,205	32,089
2008	84,294	54,378	29,916
2009	84,294	56,642	27,652
2010	84,294	58,999	25,295
Subsequent	<u>437,769</u>	<u>332,966</u>	<u>104,803</u>
Total	<u>\$817,092</u>	<u>\$580,505</u>	<u>\$236,587</u>

**5. 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.

Public utilities are also taxed on personal and real property located within the Village.

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.

**6. RETIREMENT SYSTEMS**

The Village's law enforcement officers belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time 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 the plans' retirement benefits, including postretirement healthcare and survivor and disability benefits.

**VILLAGE OF FREDICKSBURG  
WAYNE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(CONTINUED)**

The Ohio Revised Code also prescribes contribution rates. For 2005 and 2004, OP&F participants contributed 10 percent of their wages. The Village contributed an amount equal to 19.5 percent of police participant wages. OPERS members contributed 8.5 percent of their wages. The Village contributed an amount equal to 13.55 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2005.

**7. RISK MANAGEMENT**

**Commercial Insurance**

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

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

Members of Council and Mayor  
Village of Fredericksburg  
206 N. Mill  
Fredericksburg, OH 44627

To the Village Council and Mayor:

We have audited the financial statements of the Village of Fredericksburg, Wayne County (the Village) as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated June 29, 2006, 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. 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 in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion 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 that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts that occur and not be detected within a timely period by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses.

**Compliance and Other Matters**

As part of reasonably assuring 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 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 that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Village in a separate letter dated June 29, 2006.

Village of Fredericksburg  
Wayne County  
Independent Accountants' Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*

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

*Ken Richards & Associates, LTD.*

Ken Richards & Associates, Ltd.  
June 29, 2006



**Auditor of State  
Betty Montgomery**

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800-282-0370

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**VILLAGE OF FREDERICKSBURG**

**WAYNE 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 19, 2006**