

***VILLAGE OF WESTON  
WOOD COUNTY, OHIO***

***AUDIT REPORT***

***FOR THE YEARS ENDED DECEMBER 31, 2005 & 2004***

***Charles E. Harris and Associates, Inc.***  
**Certified Public Accountants and Government Consultants**





**Auditor of State  
Betty Montgomery**

Members of Council  
Village of Weston  
13234 Main Street  
Weston, Ohio 43569

We have reviewed the *Report of Independent Accountants* of the Village of Weston, Wood County, prepared by Charles E. Harris & Associates, Inc. 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.

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's Office (AOS). Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Report of Independent Accountants* on your financial statements. While the 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. 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 *Report of Independent Accountants* also includes an opinion on the financial statements using the regulatory format the AOS 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 Weston is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

August 9, 2006

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**VILLAGE OF WESTON  
WOOD COUNTY  
For the Years Ending December 31, 2005 and 2004**

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***Charles E. Harris & Associates, Inc.***  
***Certified Public Accountants***

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## **REPORT OF INDEPENDENT ACCOUNTANTS**

To the Village Council  
Village of Weston  
Weston, OH 43569

To the Village Council:

We have audited the accompanying financial statements of the Village of Weston, Wood County, OH (the Village) as and for the years ended December 31, 2005 and 2004. 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. 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, 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 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 the 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, 2005 and 2004, 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, 2005 and 2004, 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 of the Village of Weston, Wood County, as of December 31, 2005 and 2004, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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, 2005 and 2004. 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 May 19, 2006, 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 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.

***Charles E. Harris & Associates, Inc.***

May 19, 2006

**VILLAGE OF WESTON  
WOOD COUNTY, OHIO  
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND  
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
For the Year Ended December 31, 2004**

	<u>Governmental Fund Types</u>				<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>					
Property and Local Taxes	\$ 29,058	\$ 43,144	-	\$ 11,921	\$ 84,123
Municipal Income Tax	263,648	-	-	-	263,648
Intergovernmental	166,012	74,138	-	304,836	544,986
Special Assessments	373	11,803	-	-	12,176
Charge for Services	12,000	85,413	-	-	97,413
Fines, Licenses, and Permits	9,664	-	-	-	9,664
Earnings on Investments	10,239	388	-	979	11,606
Miscellaneous	17,221	63	-	-	17,284
<b>Total Cash Receipts</b>	<b><u>508,215</u></b>	<b><u>214,949</u></b>	<b><u>-</u></b>	<b><u>317,736</u></b>	<b><u>1,040,900</u></b>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	99,002	81,894	-	-	180,896
Public Health Service	699	29,237	-	-	29,936
Leisure Time Activities	18,595	-	-	-	18,595
Community Environment	336	-	-	-	336
Basic Utility Services	3,247	-	-	-	3,247
Transportation	-	64,749	-	-	64,749
General Government	235,326	622	-	118	236,066
Capital Outlay	-	6,961	-	628,766	635,727
Debt Service:					
Principal Payments	-	-	\$ 150,000	-	150,000
Interest and Fiscal Charges	-	-	4,804	-	4,804
<b>Total Cash Disbursements</b>	<b><u>357,205</u></b>	<b><u>183,463</u></b>	<b><u>154,804</u></b>	<b><u>628,884</u></b>	<b><u>1,324,356</u></b>
<b>Total Receipts Over / (Under) Disbursements</b>	<b>151,010</b>	<b>31,486</b>	<b>(154,804)</b>	<b>(311,148)</b>	<b>(283,456)</b>
<b>Other Financing Sources / (Uses):</b>					
Sale of Notes	-	-	100,000	-	100,000
Transfer-In	-	-	54,804	207,849	262,653
Transfer-Out	(262,653)	-	-	-	(262,653)
Proceed of Loans	-	-	-	239,099	239,099
<b>Total Other Financing Sources / (Uses):</b>	<b><u>(262,653)</u></b>	<b><u>-</u></b>	<b><u>154,804</u></b>	<b><u>446,948</u></b>	<b><u>339,099</u></b>
<b>Excess of Cash Receipts and Other Financing Sources Over / (Under) Cash Disbursements and Other Financing Uses</b>	<b>(111,643)</b>	<b>31,486</b>	<b>-</b>	<b>135,800</b>	<b>55,643</b>
<b>Fund Cash Balance, January 1, 2004</b>	<b><u>345,801</u></b>	<b><u>173,202</u></b>	<b><u>-</u></b>	<b><u>42,335</u></b>	<b><u>561,338</u></b>
<b>Fund Cash Balance, December 31, 2004</b>	<b><u>\$ 234,158</u></b>	<b><u>\$ 204,688</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 178,135</u></b>	<b><u>\$ 616,981</u></b>

See accompanying Notes to the Financial Statements.

**VILLAGE OF WESTON  
WOOD COUNTY, OHIO  
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND  
CASH BALANCES - PROPRIETARY FUND TYPES AND SIMILAR FIDUCIARY FUNDS  
For the Year Ended December 31, 2004**

	Proprietary Fund Type	Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Nonexpendable Trust	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$ 561,883	-	\$ 561,883
Earnings on Investments	-	\$ 441	441
Miscellaneous	1,329	-	1,329
<b>Total Operating Cash Receipts</b>	<b>563,211</b>	<b>441</b>	<b>563,652</b>
<b>Operating Cash Disbursements:</b>			
Personal Services	37,062	-	37,062
Employee Fringe Benefits	26,525	-	26,525
Contractual Services	335,358	-	335,358
Supplies and Materials	40,402	-	40,402
Other	8,872	747	9,619
<b>Total Operating Cash Disbursements</b>	<b>448,219</b>	<b>747</b>	<b>448,966</b>
<b>Operating Income / (Loss)</b>	<b>114,993</b>	<b>(306)</b>	<b>114,687</b>
<b>Non-Operating Receipts/Disbursements:</b>			
Redemption of Principal	(109,244)	-	(109,244)
Interest and Other Fiscal Charges	(40,207)	-	(40,207)
<b>Total Non-Operating Receipts / (Disbursements):</b>	<b>(149,451)</b>	<b>-</b>	<b>(149,451)</b>
<b>Net Income / (Loss)</b>	<b>(34,458)</b>	<b>(306)</b>	<b>(34,764)</b>
<b>Fund Cash Balance, January 1, 2004</b>	<b>161,150</b>	<b>31,261</b>	<b>192,411</b>
<b>Fund Cash Balance, December 31, 2004</b>	<b>\$ 126,692</b>	<b>\$ 30,955</b>	<b>\$ 157,647</b>

See accompanying Notes to the Financial Statements.

**VILLAGE OF WESTON  
WOOD COUNTY, OHIO  
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND  
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
For the Year Ended December 31, 2005**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<b>Cash Receipts:</b>					
Property and Local Taxes	\$ 29,948	\$ 22,548	-	-	\$ 52,496
Municipal Income Tax	260,283	-	-	-	260,283
Intergovernmental	53,335	127,768	-	1,664	182,767
Special Assessments	461	13,309	-	9,330	23,100
Charge for Services	12,000	93,290	-	-	105,290
Fines, Licenses, and Permits	9,553	-	-	-	9,553
Earnings on Investments	14,333	869	-	4,647	19,849
Miscellaneous	19,170	215	-	-	19,385
<b>Total Cash Receipts</b>	<b>399,083</b>	<b>257,999</b>	<b>-</b>	<b>15,641</b>	<b>672,723</b>
<b>Cash Disbursements:</b>					
Current:					
Security of Persons and Property	97,824	123,880	-	-	221,704
Public Health Service	319	30,481	-	-	30,800
Leisure Time Activities	6,439	-	-	-	6,439
Community Environment	280	-	-	-	280
Basic Utility Services	3,471	-	-	-	3,471
Transportation	-	58,448	-	-	58,448
General Government	195,489	708	-	237	196,434
Capital Outlay	-	-	-	185,396	185,396
Debt Service:					
Principal Payments	-	-	\$ 100,000	-	100,000
Interest and Fiscal Charges	-	-	3,469	-	3,469
<b>Total Cash Disbursements</b>	<b>303,822</b>	<b>213,517</b>	<b>103,469</b>	<b>185,633</b>	<b>806,441</b>
<b>Total Receipts Over / (Under) Disbursements</b>	<b>95,261</b>	<b>44,482</b>	<b>(103,469)</b>	<b>(169,992)</b>	<b>(133,718)</b>
<b>Other Financing Sources / (Uses):</b>					
Sale of Notes	-	-	50,000	-	50,000
Proceed of Loans	-	-	-	175,059	175,059
Transfer-In	-	-	53,469	25,000	78,469
Transfer-Out	(78,469)	-	-	-	(78,469)
<b>Total Other Financing Sources / (Uses):</b>	<b>(78,469)</b>	<b>-</b>	<b>103,469</b>	<b>200,059</b>	<b>225,059</b>
<b>Excess of Cash Receipts and Other Financing Sources Over / (Under) Cash Disbursements and Other Financing Uses</b>	<b>16,792</b>	<b>44,482</b>	<b>-</b>	<b>30,067</b>	<b>91,341</b>
<b>Fund Cash Balance, January 1, 2005</b>	<b>234,158</b>	<b>204,688</b>	<b>-</b>	<b>178,135</b>	<b>616,981</b>
<b>Fund Cash Balance, December 31, 2005</b>	<b>\$ 250,950</b>	<b>\$ 249,170</b>	<b>\$ -</b>	<b>\$ 208,202</b>	<b>\$ 708,322</b>

See accompanying Notes to the Financial Statements.

**VILLAGE OF WESTON  
WOOD COUNTY, OHIO  
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND  
CASH BALANCES - PROPRIETARY FUND TYPES AND SIMILAR FIDUCIARY FUNDS  
For the Year Ended December 31, 2005**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Total (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$ 580,473	-	\$ 580,473
Earnings on Investments	-	\$ 804	804
<b>Total Operating Cash Receipts</b>	<b><u>580,473</u></b>	<b><u>804</u></b>	<b><u>581,277</u></b>
<b>Operating Cash Disbursements:</b>			
Personal Services	39,825	-	39,825
Employee Fringe Benefits	28,420	-	28,420
Contractual Services	287,601	-	287,601
Supplies and Materials	43,338	-	43,338
Other	10,756	911	11,667
<b>Total Operating Cash Disbursements</b>	<b><u>409,940</u></b>	<b><u>911</u></b>	<b><u>410,851</u></b>
<b>Operating Income / (Loss)</b>	<b>170,533</b>	<b>(107)</b>	<b>170,426</b>
<b>Non-Operating Receipts/Disbursements:</b>			
Redemption of Principal	(116,257)	-	(116,257)
Interest and Other Fiscal Charges	(35,668)	-	(35,668)
<b>Total Non-Operating Receipts / (Disbursements):</b>	<b><u>(151,925)</u></b>	<b><u>-</u></b>	<b><u>(151,925)</u></b>
<b>Net Income / (Loss)</b>	<b>18,608</b>	<b>(107)</b>	<b>18,501</b>
<b>Fund Cash Balance, January 1, 2005</b>	<b><u>126,692</u></b>	<b><u>30,955</u></b>	<b><u>157,647</u></b>
<b>Fund Cash Balance, December 31, 2005</b>	<b>\$ <u>145,300</u></b>	<b>\$ <u>30,848</u></b>	<b>\$ <u>176,148</u></b>

See accompanying Notes to the Financial Statements.

**VILLAGE OF WESTON  
WOOD COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2005 and 2004**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. DESCRIPTION OF THE ENTITY**

The Village of Weston, Wood County, (the Village) is a body corporate and politic established for the purpose of exercising 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 water and sewer utilities, park operations, fire, and EMS services. The Village contracts with the Wood County Sheriff's department to provide security of persons and property.

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

The 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 to use. The Village classifies its funds into the following types:

**General Fund:** The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

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

**VILLAGE OF WESTON  
WOOD COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2005 and 2004**

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

**D. FUND ACCOUNTING – (Continued)**

- **Street Construction, Maintenance, and Repair Fund:** This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.
- **EMS Fund:** This fund receives charges for services revenue to fund emergency medical services.

**Debt Service Fund:** This fund is used to accumulate resources for the payment of bonds and note indebtedness. The Village utilizes this fund to account for the payment of the bond anticipation notes.

**Capital Project Funds:** These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project funds:

- **Phase I Sewer Project Fund:** This fund receives distributions from the Ohio Public Works Commission and the Ohio Water Development Authority to fund improvements at the wastewater treatment plant.
- **Main Street Paving Fund:** This fund receives distributions from the General Fund to fund the repaving of Main Street.
- **Waterline Project Emergency Fund:** This fund receives distributions from the General Fund to fund the repair of a waterline and the replacement of a fire hydrant.

**Enterprise Fund:** These funds 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.
- **Sewer Fund:** This fund receives charges for services from residents to cover the cost of providing this utility.

**Fiduciary Fund (Trust Fund):** Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. Fund for which the Village is acting in an agency capacity are classified as agency funds. The Village had a Cemetery Trust Fund that was classified as a nonexpendable trust fund. Interest from the trust is used for the maintenance of the cemetery.

**VILLAGE OF WESTON  
WOOD COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2005 and 2004**

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

**E. BUDGETARY PROCESS**

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

- **Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function level of control for the General Fund and the fund level of control for all other funds, 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 and re-appropriated.

- **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. Appropriations may not exceed estimated resources.

- **Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year-end are cancelled, and re-appropriated in the subsequent year.

A summary of budgetary activity appears in Note 5.

**F. PROPERTY, PLANT, AND EQUIPMENT**

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

**G. ACCUMULATED LEAVE**

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

**VILLAGE OF WESTON  
WOOD COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2005 and 2004**

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

The Village maintains a cash and investment 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>2005</u>		<u>2004</u>
Demand Deposits	\$	318,119	\$	233,495
Certificates of Deposit		566,351		541,133
<b>Total Deposits</b>	<b>\$</b>	<b><u>884,470</u></b>	<b>\$</b>	<b><u>774,628</u></b>

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

**3. PROPERTY TAX**

Real property taxes are levied on assessed values, which equal 35% of appraised value. The county auditor reappraises all real property every six years with a triennial update. The last update was completed for tax year 2001.

Real property taxes become a lien on all non-exempt real property located in the county on January 1. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

The State Board of Tax Equalization adjusts the tax rates for inflation. Real property owners' tax bills are further reduced by homestead and rollback deductions when applicable. The amount of these homestead and rollback reductions is reimbursed to the Village by the State of Ohio. The amounts reimbursed by the State of Ohio are reflected in the accompanying financial statements as intergovernmental receipts.

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

The property owners, who must file a list of such property to the County by each April 30, assess tangible personal property tax.

The Wood County Treasurer collects property tax on behalf of all taxing Villages within the county. The Wood County Auditor periodically remits to the taxing Village their portions of the taxes collected.

**VILLAGE OF WESTON  
WOOD COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2005 and 2004**

**4. LOCAL INCOME TAX**

The Village levies a municipal income tax of 1 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.

**5. BUDGETARY ACTIVITY**

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

<b>2005 Budgeted vs. Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$ 435,283	\$ 399,083	\$ (36,200)
Special Revenue	230,234	257,999	27,765
Debt Service	103,500	103,469	(31)
Capital Projects	379,265	215,700	(163,565)
Nonexpendable Trust	400	804	404
Enterprise	549,000	580,473	31,473
<b>Total</b>	<b>\$ 1,697,682</b>	<b>\$ 1,557,528</b>	<b>\$ (140,154)</b>

<b>2005 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$ 562,821	\$ 382,291	\$ 180,530
Special Revenue	245,389	213,517	31,872
Debt Service	103,500	103,469	31
Capital Projects	384,436	185,633	198,803
Nonexpendable Trust	2,000	911	1,089
Enterprise	619,000	561,865	57,135
<b>Total</b>	<b>\$ 1,917,146</b>	<b>\$ 1,447,686</b>	<b>\$ 469,460</b>

**VILLAGE OF WESTON  
WOOD COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2005 and 2004**

**5. BUDGETARY ACTIVITY – (Continued)**

<b>2004 Budgeted vs. Actual Receipts</b>			
<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$ 504,843	\$ 508,215	\$ 3,372
Special Revenue	161,702	214,949	53,247
Debt Service	157,000	154,804	(2,196)
Capital Projects	1,003,029	764,684	(238,345)
Nonexpendable Trust	1,000	441	(559)
Enterprise	494,000	563,211	69,211
<b>Total</b>	<b>\$ 2,321,574</b>	<b>\$ 2,206,304</b>	<b>\$ (115,270)</b>

<b>2004 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$ 730,472	\$ 619,858	\$ 110,614
Special Revenue	211,800	183,463	28,337
Debt Service	155,000	154,804	196
Capital Projects	850,999	628,884	222,115
Nonexpendable Trust	2,000	747	1,253
Enterprise	599,000	597,670	1,330
<b>Total</b>	<b>\$ 2,549,270</b>	<b>\$ 2,185,426</b>	<b>\$ 363,844</b>

The Village did not encumber for the years ended December 31, 2005 and 2004.

**6. DEBT**

Debt outstanding at December 31, 2005 was as follows:

	<b>Principal</b>	<b>Interest Rate</b>
Ohio Water Development Authority Loan #1433	\$ 168,302	7.00%
Ohio Water Development Authority Loan #2918	566,781	2.00%
Ohio Water Development Authority Loan #3587	511,299	1.50%
Ohio Water Development Authority Loan #4046	414,158	1.50%
Sky Bank Note for Center Street Reconstruction	50,000	3.85%
<b>Total</b>	<b>\$ 1,710,540</b>	

The Ohio Water Development Authority (OWDA) loans relate to the construction of a water main, booster pumping station, metering facilities, and wastewater treatment plant improvements. The OWDA has approved up to \$2,148,832 in loans to the Village for these projects. The loans will be repaid on semiannual installments of \$41,132 (25 years), \$26,165 (25 years), and \$16,259 (20 years), including interest, over the time frame indicated.

**VILLAGE OF WESTON  
WOOD COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2005 and 2004**

**6. DEBT – (Continued)**

OWDA has approved loan #4046 for the wastewater treatment plan in 2004. The loan repayment starts in January 2006. No amortization is included since OWDA has not yet finalized payment schedule.

**7. RETIREMENT SYSTEM**

All but seven Village's employees (two council members and five members of the fire department) belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code. Those do not belonging to OPERS elected to enroll in Social Security. The Village's liability is 6.2 percent of wages paid.

Contribution rates are also prescribed by the Ohio Revised Code. For 2005 and 2004, members of OPERS contributed 8.5 percent of their wages. The Village contributes an amount equal to 13.55 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2005.

**8. RISK MANAGEMENT**

**Risk Pool Membership**

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**

PEP retains casualty risks up to \$250,000 per claim, including loss 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 \$5,000,000 in the aggregate per year.

Governments can elect additional coverage, from \$2,000,000 to \$10,000,000 from the General Reinsurance Corporation.

If losses exhaust PEP's retained earnings, APEEP covers PEP losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

**VILLAGE OF WESTON  
WOOD COUNTY, OHIO  
Notes to the Financial Statements  
For the Years Ended December 31, 2005 and 2004**

**8. RISK MANAGEMENT – (Continued)**

**Property Coverage**

PEP retains property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000, up to \$500,000,000 per occurrence. APEEP's Guarantee Fund pays losses and loss adjustment expenses exceeding operating contributions.

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 local government.

**Financial Position**

PEP's financial statements (audited by other accountants) conform to Generally Accepted Accounting Principles, and reported the following assets, liabilities, and retained earnings at December 31, 2004 and 2005:

<u>Casualty Coverage</u>	<u>2005</u>	<u>2004</u>
Assets	\$ 30,547,049	\$ 25,288,098
Liabilities	(16,989,918)	(12,872,985)
<b>Retained Earnings</b>	<b>\$ 13,557,131</b>	<b>\$ 12,415,113</b>

<u>Property Coverage</u>	<u>2005</u>	<u>2004</u>
Assets	\$ 3,652,970	\$ 3,158,813
Liabilities	(544,771)	(792,061)
<b>Retained Earnings</b>	<b>\$ 3,108,199</b>	<b>\$ 2,366,752</b>

**9. CONTINGENT LIABILITIES/SUBSEQUENT EVENTS**

The Village may be a defendant in various lawsuits. Although, management cannot presently determine the outcome of these suits, it is the opinion of the Village's legal council that the resolution of these matters will not materially adversely affect the Village's financial condition.

Management believes there are no pending claims or lawsuits.

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*Charles E. Harris & Associates, Inc.*  
*Certified Public Accountants*

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

To the Village Council  
Village of Weston  
Weston, OH 43569

We have audited the financial statements of the Village of Weston, Wood County, Ohio (the Village) as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated May 19, 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 standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Controls 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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying Schedule of Findings as item 2005-002.

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 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable condition described above to be a material weakness. We also 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 May 19, 2006.

**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, grant agreements and other matters, 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2005-001.

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

*Charles E. Harris and Associates, Inc.*  
May 19, 2006

**VILLAGE OF WESTON  
WOOD COUNTY  
December 31, 2004 and 2005**

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

**FINDING NUMBER 2005-001**

**NONCOMPLIANCE CITATION**

Ohio Revised Code Section 5705.41 (D), requires in part, that no subdivision or taxing unit shall make any contract or order any expenditure unless there is attached thereto a certificate of the fiscal officer of the subdivision certifying that the amount required to meet the obligation has been lawfully appropriated for such purposes and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Every contract made without such a certificate shall be void and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement state above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "Then and Now" Certificates, Blanket Certificates, and Super Blanket Certificates, which are provided for in sections 5705.41(D) (1) and 5705.41(D) (3), respectively, of the Ohio Revised Code.

1. **"Then and Now" Certificate** – If the fiscal officer can certify that both at the time the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that 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 Village can authorize the drawing of a warrant for the payment of the amount due. The Village has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance 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 expenditure by the Village.

2. **Blanket Certificate** – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. **Super Blanket Certificate** – The Village may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item's appropriation.

**FINDING NUMBER 2005-001**  
**(Continued)**

The Village did not properly certify the availability of funds for 35 of 60 non-payroll expenditures tested for the audit period. Failure to certify the availability of funds and encumber appropriations could result in overspending and negative cash balances.

To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, we recommend the Clerk/Treasurer certify the availability of funds prior to the commitment for the expenditure of Village money. The Village should consider the use of blanket purchase orders and "Then and Now" certificates to assist in complying with the above requirement.

The Village fiscal officer will closely monitor purchasing activities and use "Then and Now" certificates for the emergency purchases.

**FINDING NUMBER 2005-002**

**Material Weakness**

The Village has delegated emergency medical services (EMS) billing and income tax collection, which are significant accounting functions, to third-party administrators. The Village has not established procedures to determine whether the services organizations have sufficient controls in place and operating effectively to reduce the risk that transactions have been completely and accurately processed in accordance with the service organization contracts.

We recommend the Village implement procedures to assure the completeness and accuracy of EMS billing and income tax collection processed by its third-party administrators. Statement on Auditing Standards (SAS) No.70 as amended, prescribes standards for reporting on the processing (i.e. control design and operation) of transactions by service organizations. An unqualified Tier II "Report on Policies and Procedures Placed in Operation and Tests of Operating Effectiveness" in accordance with SAS No.70 should provide the Village with an appropriate level of assurance that EMS billing and income tax collection are being processed in conformance with the contracts.

We recommend the Village specify in their contracts with third-party administrators that an annual Tier II SAS 70 audit report be performed. The Village should be provided a copy of the SAS 70 report timely and should review the report's content. A SAS 70 audit report should be conducted in accordance with American Institute of Certified Public Accountants'(AICPA) standards by a firm registered and considered in "good standing" with the Accountancy Board of the respective State. If the third-party administrator refuses to provide you with a Tier II SAS 70 report, we recommend the Village contract with a third-party administrator that will provide such a report.

The Village fiscal officer will be able to obtain the SAS 70 audit reports from the service organizations and provide to the auditors for the next audit period.

VILLAGE OF WESTON  
WOOD COUNTY, OHIO  
For the Years Ended December 31, 2005 and 2004

**SCHEDULE OF PRIOR AUDIT FINDINGS**

<b>FINDING NUMBER</b>	<b>FUNDING SUMMARY</b>	<b>FULLY CORRECTED?</b>	<b>Not Corrected. Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain</b>
2003-001	Ohio Revised Code section 5705.41(D), failure to certify funds	No	Reissued as finding number 2005-001
2003-002	Ohio Revised Code section 5705.41(B), expenditures exceeded appropriations.	Yes	Fully corrected. Finding not longer valid.
2003-003	Lack of procedures to determine the effectiveness and efficiency of internal controls over service organization contracts.	No	Not Corrected. Reissued as finding number 2005-002



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**VILLAGE OF WESTON**

**WOOD 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  
AUGUST 22, 2006**