

**VILLAGE OF NEVADA**  
**WYANDOT COUNTY**  
REPORT ON FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006





# Mary Taylor, CPA

Auditor of State

Village Council  
Village of Nevada  
P.O. Box 430  
Nevada, Ohio 44849-0430

We have reviewed the *Independent Auditors' Report* of the Village of Nevada, Wyandot County, prepared by Holbrook & Manter, for the audit period January 1, 2006 through December 31, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditors' 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 Auditors' 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 Nevada is responsible for compliance with these laws and regulations.

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Mary Taylor, CPA  
Auditor of State

April 29, 2009

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## INDEPENDENT AUDITORS' REPORT

Village Council  
Village of Nevada  
Wyandot County

We have audited the accompanying financial statements of the Village of Nevada, Wyandot County, Ohio, (the Village) as of and for the years ended December 31, 2007 and 2006. 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 audits provide a reasonable basis for our opinion.

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

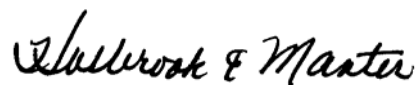
Instead of the combined funds the accompanying financial statements present for 2007 and 2006, GAAP requires presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State of Ohio permits, but does not require, governments to reformat their statements. The Village has elected not to reformat its statements. Since this Village does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State of Ohio 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, 2007 and 2006 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, 2007 and 2006, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Nevada, Wyandot County, as of December 31, 2007 and 2006, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2009 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

The image shows a handwritten signature in black ink that reads "Shulbrook & Manton". The script is cursive and elegant, with the ampersand being particularly stylized.

Certified Public Accountants

March 24, 2009

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

	<b>Governmental Fund Types</b>				<b>Total (Memorandum Only)</b>
	<b>General</b>	<b>Special Revenue</b>	<b>Storm Sewer Update</b>	<b>Debt Service</b>	
<b>Cash receipts:-</b>					
Local taxes	\$ 25,678	\$ 0	\$ 0	\$ 0	\$ 25,678
Intergovernmental	14,023	47,626	0	0	61,649
Fines, licenses, and permits	296	0	0	0	296
Earnings on investments	1,177	84	0	0	1,261
Miscellaneous	1,858	0	0	0	1,858
<b>Total cash receipts</b>	<b>43,032</b>	<b>47,710</b>	<b>0</b>	<b>0</b>	<b>90,742</b>
<b>Cash disbursements:-</b>					
<b>Current:-</b>					
Security of persons and property	6,062	0	0	0	6,062
Public health services	1,454	0	0	0	1,454
Leisure time activities	1,155	0	0	0	1,155
Community environment	298	0	0	0	298
Basic utility services	290	0	0	0	290
Transportation	0	11,947	0	0	11,947
General government	39,632	0	0	0	39,632
Capital outlay	16,000	0	0	0	16,000
Debt service:					
Principal payments	0	0	0	33,778	33,778
Interest payments	0	0	0	55,654	55,654
<b>Total cash disbursements</b>	<b>64,891</b>	<b>11,947</b>	<b>0</b>	<b>89,432</b>	<b>166,270</b>
<b>Total receipts over (under) cash disbursements</b>	<b>( 21,859)</b>	<b>35,763</b>	<b>0</b>	<b>( 89,432)</b>	<b>( 75,528)</b>
<b>Other financing receipts (disbursements):-</b>					
Sale of notes	0	0	0	0	0
Transfers-in	0	0	0	94,647	94,647
Other financing sources	457	0	0	0	457
<b>Total other financing receipts (disbursements)</b>	<b>457</b>	<b>0</b>	<b>0</b>	<b>94,647</b>	<b>95,104</b>
<b>Excess of cash receipts and other financing receipts over (under) cash disbursements and other financing disbursements</b>	<b>( 21,402)</b>	<b>35,763</b>	<b>0</b>	<b>5,215</b>	<b>19,576</b>
<b>Fund cash balances, January 1, 2007</b>	<b>91,069</b>	<b>98,621</b>	<b>0</b>	<b>95,748</b>	<b>285,438</b>
<b>Fund cash balances, December 31, 2007</b>	<b>\$ 69,667</b>	<b>\$ 134,384</b>	<b>\$ 0</b>	<b>\$ 100,963</b>	<b>\$ 305,014</b>
<b>Reserve for encumbrance, December 31, 2007</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>

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



**VILLAGE OF NEVADA  
WYANDOT COUNTY**  
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN  
FUND CASH BALANCES - PROPRIETARY FUND TYPE-  
FOR THE YEAR ENDED DECEMBER 31, 2007

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
<b>OPERATING CASH RECEIPTS:-</b>	
Charges for services	\$ 222,941
Miscellaneous	2,340
	<hr/>
Total operating cash receipts	225,281
<b>OPERATING CASH DISBURSEMENTS:-</b>	
Personal services	14,328
Contractual services	68,235
Supplies and materials	33,062
	<hr/>
Total operating cash disbursements	115,625
Operating income	109,656
<b>NON-OPERATING CASH RECEIPTS:-</b>	
Interest	2,942
	<hr/>
Total non-operating cash receipts	2,942
<b>NON-OPERATING CASH DISBURSEMENTS:-</b>	
Other non-operating expenses	( 2,100)
	<hr/>
Total non-operating cash disbursements	( 2,100)
Excess of receipts over (under) disbursements	
before interfund transfers	110,498
Transfers-in	0
Transfers-out	( 94,647)
	<hr/>
Net receipts over (under) disbursements	15,851
Fund cash balances, January 1, 2007	91,981
	<hr/>
<b>Fund cash balances, December 31, 2007</b>	<b>\$ 107,832</b>
	<hr/> <hr/>
<b>Reserve for encumbrance, December 31, 2007</b>	<b>\$ 0</b>
	<hr/> <hr/>

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

**VILLAGE OF NEVADA  
WYANDOT COUNTY**  
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN  
FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES -  
FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>Governmental Fund Types</u>				<u>Total (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	
<b>Cash receipts:-</b>					
Local taxes	\$ 32,816	\$ 0	\$ 0	\$ 0	\$ 32,816
Intergovernmental	13,496	47,326	0	0	60,822
Fines, licenses, and permits	420	0	0	0	420
Earnings on investments	1,534	110	0	0	1,644
Miscellaneous	4,221	284	0	0	4,505
<b>Total cash receipts</b>	<b>52,487</b>	<b>47,720</b>	<b>0</b>	<b>0</b>	<b>100,207</b>
<b>Cash disbursements:-</b>					
<b>Current:-</b>					
Security of persons and property	5,945	0	0	0	5,945
Public health services	2,099	0	0	0	2,099
Leisure time activities	2,280	0	0	0	2,280
Community environment	298	0	0	0	298
Basic utility services	290	0	0	0	290
Transportation	0	9,496	0	0	9,496
General government	36,743	0	0	0	36,743
Capital outlay	0	0	90,113	0	90,113
Debt service:					
Principal payments	0	0	0	27,306	27,306
Interest payments	0	0	0	56,373	56,373
<b>Total cash disbursements</b>	<b>47,655</b>	<b>9,496</b>	<b>90,113</b>	<b>83,679</b>	<b>230,943</b>
<b>Total receipts over (under) cash disbursements</b>	<b>4,832</b>	<b>38,224</b>	<b>( 90,113)</b>	<b>( 83,679)</b>	<b>( 130,736)</b>
<b>Other financing receipts (disbursements):-</b>					
Sale of notes	0		90,113	0	90,113
Transfers-in	0		0	98,496	98,496
Other financing sources	134		0	0	134
<b>Total other financing receipts (disbursements)</b>	<b>134</b>	<b>0</b>	<b>90,113</b>	<b>98,496</b>	<b>188,743</b>
Excess of cash receipts and other financing receipts over (under) cash disbursements and other financing disbursements	4,966	38,224	0	14,817	58,007
Fund cash balances, January 1, 2006	86,103	60,397	0	80,931	227,431
<b>Fund cash balances, December 31, 2006</b>	<b>\$ 91,069</b>	<b>\$ 98,621</b>	<b>\$ 0</b>	<b>\$ 95,748</b>	<b>\$ 285,438</b>
<b>Reserve for encumbrance, December 31, 2006</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>

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

**VILLAGE OF NEVADA  
WYANDOT COUNTY**  
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN  
FUND CASH BALANCES - PROPRIETARY FUND TYPE-  
FOR THE YEAR ENDED DECEMBER 31, 2006

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
<b>OPERATING CASH RECEIPTS:-</b>	
Charges for services	\$ 215,387
Miscellaneous	1,890
	217,277
Total operating cash receipts	217,277
<b>OPERATING CASH DISBURSEMENTS:-</b>	
Personal services	14,049
Contractual services	72,438
Supplies and materials	13,809
	100,296
Total operating cash disbursements	100,296
Operating income	116,981
<b>NON-OPERATING CASH RECEIPTS:-</b>	
Interest	3,836
	3,836
Total non-operating cash receipts	3,836
<b>NON-OPERATING CASH DISBURSEMENTS:-</b>	
Other non-operating expenses	( 1,596)
	( 1,596)
Total non-operating cash disbursements	( 1,596)
Excess of receipts over (under) disbursements before interfund transfers	119,221
Transfers-in	0
Transfers-out	( 98,496)
	20,725
Net receipts over (under) disbursements	20,725
Fund cash balances, January 1, 2006	71,256
	71,256
<b>Fund cash balances, December 31, 2006</b>	<b>\$ 91,981</b>
	91,981
<b>Reserve for encumbrance, December 31, 2006</b>	<b>\$ 0</b>
	0

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

**VILLAGE OF NEVADA  
WYANDOT COUNTY**  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:-**

- A. **Description of the Entity** - The Village of Nevada, Wyandot County, Ohio, (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 water and sewer utilities and park operations. The Village contracts with the Wyandot County Sheriff's department to provide security of persons and property. Wyandot East Fire District provides fire protection.

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** - The Village maintains two interest-bearing depository accounts. The Village's accounting basis includes investments as assets. This basis does not report disbursements for investment purchases or receipts for investment sales. The Village reports gains or losses at the time of sale as receipts or disbursements, respectively. The Village values certificates of deposit at cost.

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

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 restricted.

Special Revenue Funds

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.

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 capital project funds:

*Storm Sewer Update Fund*

This fund is used to account for revenues and expenses related to updating the Village's Storm Sewer System.

**VILLAGE OF NEVADA  
WYANDOT COUNTY**  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:-** (continued)

Debt Service Funds

These funds are used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following significant debt service funds:

*Water Debt Fund*

This fund receives transfers from the water operating fund for debt payments related to an Ohio Water Development Authority loan.

*Sewer Debt Fund*

This fund receives transfers from the sewer operating fund for debt payments related to outstanding sewer bonds.

*Sewer Debt Reserve Fund*

This fund receives set aside amounts for the outstanding sewer bond based upon the debt covenants in the agreement.

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.

*Sewer Fund*

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

- E. Budgetary Process** - The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

Appropriations

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

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 and amendments.

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 2007 and 2006 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.

**VILLAGE OF NEVADA  
 WYANDOT COUNTY  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2007 AND 2006**

**NOTE 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>2007</u>	<u>2006</u>
Demand deposits	\$ 312,846	\$ 277,419
Certificate of deposit	<u>100,000</u>	<u>100,000</u>
<b>Total deposits</b>	<u>\$ 412,846</u>	<u>\$ 377,419</u>

**Deposits** - The Village's deposits are either (1) insured by the Federal Deposit Insurance Corporation or (2) collateralized by securities specifically pledged by the financial institution to the Village, or (3) collateralized by the financial institution's public entity deposit pool.

**VILLAGE OF NEVADA**  
**WYANDOT COUNTY**  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006

**NOTE 3 - BUDGETARY ACTIVITY :-**

Budgetary activity for the year ending December 31, 2007 was as follows:

**2007 Budgeted vs. Actual Receipts**

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 73,160	\$ 43,489	\$ ( 29,671)
Special revenue	38,000	47,710	9,710
Capital projects	0	0	0
Debt service	94,536	94,647	111
Proprietary	<u>197,000</u>	<u>228,223</u>	<u>31,223</u>
<b>Total</b>	<b>\$ <u>402,696</u></b>	<b>\$ <u>414,069</u></b>	<b>\$ <u>11,373</u></b>

**2007 Budgeted vs. Actual Budgetary Basis Expenditures**

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 164,000	\$ 64,891	\$ 99,109
Special revenue	136,619	11,947	124,672
Capital projects	0	0	0
Debt service	190,272	89,432	100,840
Proprietary	<u>286,551</u>	<u>212,372</u>	<u>74,179</u>
<b>Total</b>	<b>\$ <u>777,442</u></b>	<b>\$ <u>378,642</u></b>	<b>\$ <u>398,800</u></b>

Contrary to Ohio law, actual receipts were less than estimated resources during 2007 in the General fund by \$29,671.

**VILLAGE OF NEVADA  
WYANDOT COUNTY**  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006

**NOTE 3 - BUDGETARY ACTIVITY**:- (continued)

Budgetary activity for the year ending December 31, 2006 was as follows:

**2006 Budgeted vs. Actual Receipts**

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 77,257	\$ 52,621	\$ ( 24,636)
Special Revenue	32,000	47,720	15,720
Capital Projects	0	90,113	90,113
Debt Service	93,928	98,496	4,568
Proprietary	<u>197,000</u>	<u>221,113</u>	<u>24,113</u>
<b>Total</b>	<b><u>\$ 400,185</u></b>	<b><u>\$ 510,063</u></b>	<b><u>\$ 109,878</u></b>

**2006 Budgeted vs. Actual Budgetary Basis Expenditures**

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 108,550	\$ 47,655	\$ 60,895
Special Revenue	138,700	9,496	129,204
Capital Projects	95,500	90,113	5,387
Debt Service	104,944	83,679	21,265
Proprietary	<u>271,927</u>	<u>200,388</u>	<u>71,539</u>
<b>Total</b>	<b><u>\$ 719,621</u></b>	<b><u>\$ 431,331</u></b>	<b><u>\$ 288,290</u></b>

Contrary to Ohio law, actual receipts were less than estimated resources during 2006 in the General fund by \$24,636.



**VILLAGE OF NEVADA  
 WYANDOT COUNTY  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2007 AND 2006**

**NOTE 4 - PROPERTY TAX:-**

Real property taxes become a lien on January 1, preceding the October 1 date for which rates are adopted by the Village Council. The State Council 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 payments, 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.

**NOTE 5 - DEBT:-**

Debt outstanding at December 31, 2007 was as follows:

	<b>Rate</b>	<b>Principal Balance 12/31/2007</b>
Ohio Water Development Authority Loan	5.50%	\$ 211,761
Ohio Public Works Commission	0.00%	91,105
USDA Sewer System Bond	4.50%	932,000
		\$ 1,234,866

During 1999, the Village entered into a loan agreement with the Ohio Water Development Authority (OWDA) for a water line project and plant expansion update that was mandated by the Ohio Environmental Protection Agency. The original amount of the loan was \$300,000. The loans will be repaid in semiannual installments of \$12,672, including interest over 20 years and has an interest rate of 5.50%. Payments on the outstanding balance began in 2000 and the final installment will be due July 1, 2019. The loan is collateralized by water and sewer receipts and the Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. As of December 31, 2007, the total outstanding balance was \$211,761.

During 1995, a Sewer System First Mortgage Revenue Bond related to the construction of the Village sewer system and wastewater treatment plant was issued. The original amount of the bond was \$1,050,000 and will be repaid in annual installments over 40 years as set forth within the amortization schedule. The final payment will be due May 1, 2036. The bonds are secured by an Indenture of Mortgage on the properties of the Utility.

As required by the Sewer System Bond covenant, the Village has established and funded a sewer debt service fund, included as a debt service fund. The balance in the fund at December 31, 2007 is \$44,031. In addition, during March of 2007, the Village established the required sewer debt reserve fund. The balance in the reserve fund at December 31, 2007 is \$58,860.

During 2006, the Village entered into a loan agreement with the Ohio Public Works Commission (OPWC) for South Side storm sewer improvements. The original amount of the loan was \$95,900. The loan will be repaid in semiannual installments of \$2,398 over 20 years. Payments on the outstanding balance began in 2007 and the final installment will be due January 1, 2027. As of December 31, 2007, the total outstanding balance was \$91,105.

**VILLAGE OF NEVADA  
WYANDOT COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006**

**NOTE 5 - DEBT:-** (continued)

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

<u>Year ending December 31,</u>	<u>USDA</u>		<u>OPWC Loan</u>		<u>OWDA Loan</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 16,000	\$ 41,940	\$ 2,398	\$ 0	\$ 13,330	\$ 12,014	\$ 31,728	\$ 53,954
2009	17,000	41,220	4,796	0	14,064	11,280	35,860	52,500
2010	18,000	41,445	4,796	0	14,837	10,507	37,633	51,952
2011	19,000	39,645	4,796	0	15,652	9,690	39,448	49,335
2012	20,000	38,790	4,796	0	16,514	8,830	41,310	47,620
2013 - 2017	110,000	180,225	23,980	0	97,234	29,484	231,214	209,709
2018 - 2022	135,000	153,090	23,980	0	40,130	3,564	199,110	156,654
2023 & thereafter	597,000	217,620	21,563	0	0	0	618,563	217,620
	<u>\$ 932,000</u>	<u>\$ 753,975</u>	<u>\$ 91,105</u>	<u>\$ 0</u>	<u>\$ 211,761</u>	<u>\$ 85,369</u>	<u>\$ 1,234,866</u>	<u>\$ 839,344</u>

**NOTE 6 - RETIREMENT SYSTEMS:-**

The Village's full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS 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.

Contribution rates are also prescribed by the Ohio Revised Code. For 2007 and 2006, PERS members contributed 9.5% and 9.0% of their gross salaries, respectively. The Village contributed an amount equal to 13.85% and 13.70% of participants' gross salaries for 2007 and 2006, respectively. The Village has paid all contributions required through December 31, 2007.

During 2006 and 2007, a few of the Village Council members and Board of Public Affairs members elected to belong to Social Security. The Village's liability is 6.2% of wages.

**NOTE 7 - RISK MANAGEMENT:-**

The Village belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 500 Ohio governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures the Plan with A- VII or better rated carriers, except for the 15% casualty and the 10% property portions the Plan retains. The Plan pays the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,000 of property losses. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

**VILLAGE OF NEVADA  
WYANDOT COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006**

**NOTE 7 - RISK MANAGEMENT:-** (continued)

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

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

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2007 and 2006:

<b><u>Balance Sheet</u></b>	<b><u>2007</u></b>	<b><u>2006</u></b>
Assets	\$ 11,136,455	\$ 9,620,148
Liabilities	( 4,273,553)	( 3,329,620)
<b>Retained earnings</b>	<b>\$ 6,862,902</b>	<b>\$ 6,290,528</b>
<b><u>Revenue and Expenses</u></b>	<b><u>2007</u></b>	<b><u>2006</u></b>
Revenues	\$ 6,469,939	\$ 5,487,576
Expenses	( 5,897,565)	( 4,667,839)
<b>Excess revenues over expenses</b>	<b>\$ 572,374</b>	<b>\$ 819,737</b>

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).



**Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards***

Village Council  
Village of Nevada  
Wyandot County

We have audited the accompanying financial statements of the Village of Nevada, Wyandot County, Ohio (the Village) as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated March 24, 2009, wherein we noted the Village followed accounting practices the Auditor of State of Ohio 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 as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiency described in the accompanying schedule of findings as item 2007-001 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Village's internal control will not prevent or detect a material financial statement misstatement.

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

We also noted certain internal control matters that we reported to the Village's management in a separate letter dated March 24, 2009.

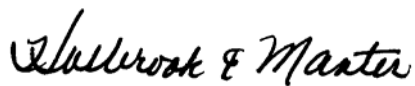
### Compliance and Other Matters

As part of reasonably assuring whether the Government's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as items 2007-002 and 2007-003.

We did note certain noncompliance or other matters that we reported to the Government's management in a separate letter dated March 24, 2009.

The Village of Nevada's response to the findings identified in our audit is described in the accompanying schedule of findings. We did not audit the Village's response and, accordingly, we express no opinion on it.

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



Certified Public Accountants

March 24, 2009

**VILLAGE OF NEVADA  
WYANDOT COUNTY  
SCHEDULE OF FINDINGS  
DECEMBER 31, 2007 AND 2006**

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

<b>Finding Number</b>	<b>2007-001</b>
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**Significant Deficiency - Internal Control and Review Procedures**

Although the Council Members receive and review a select number of reports from the Fiscal Officer of the Village for approval on a monthly basis, the Village has not established formal procedures to reasonably assure completeness and accuracy of the monthly reporting. During our testing and analysis, we noted that the Village Council is not reviewing the numerical check sequence prior to signing the checks. In addition, they are not reviewing the bank statement for proper inclusion of authorized expenditures within the cancelled checks or electronic fund withdraws.

The Village should carefully review this information and make appropriate inquires to help determine the integrity of the financial information. When performing such review, the officials' signatures or initials and the date should be affixed to the documents examined and it should be noted in the monthly minutes that the officials' thoroughly reviewed and approved those documents. In addition, we also recommend that the numerical check sequence be noted in the minutes and signed off of by the Council each month.

**Officials' Response**

The Village's Fiscal Officer will consider providing additional reports including a list of checks monthly to the Council for their review and signatures.

<b>Finding Number</b>	<b>2007-002</b>
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**Noncompliance Citation – Amending Certificates of Estimated Resources**

Ohio Revised Code, Section 5705.36, allows all subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the Clerk that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources. An increased amended certificate must be obtained from the budget commission if the legislative authority intends to appropriate and expend the excess revenue. A reduced amended certificate must be obtained if the amount of the deficiency will reduce available resources below the current level of appropriation. The total appropriations made during a fiscal year from any fund must not exceed the amount contained in the certificate of estimated resources or the amended certificate of estimated resources which was certified prior to making the appropriation or supplemental appropriation.

During our compliance testing, we noted that the Village did not amend estimated resources as outlined above. We recommend that the Clerk monitor estimated resources throughout the year and obtain amendments from the county budget commission as necessary.

**Officials' Response**

The current Village Clerk is reviewing the Village's current policies and procedures regarding the monitoring of the appropriations and estimated resources to prevent this condition from occurring in the future. The Clerk will also implement a procedure to obtain approval by submitting the amended appropriations or estimated resources with the County as required.

**VILLAGE OF NEVADA  
WYANDOT COUNTY  
SCHEDULE OF FINDINGS  
DECEMBER 31, 2007 AND 2006**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (continued)</b>
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<b>Finding Number</b>	<b>2007-003</b>
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**Noncompliance Citation – Appropriations Exceeding Estimated Resources**

Ohio Revised Code, Section 5705.39, states that the total appropriation from each fund should not exceed the total estimated revenue as certified by the county budget commission. No appropriation measure is to become effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

We recommend the Village Council and Clerk periodically review the Village’s appropriations versus certified estimated resources to identify and investigate any variances and to help monitor legal compliance. The Village officials should verify that the Village has properly prepared and submitted all required budgetary documents to the county auditor. Also, each time appropriations are adopted or amended, the Village should verify the certificate of the County Auditor is received indicating appropriations do not exceed certified resources.

**Officials’ Response**

The current Village Clerk is reviewing the Village’s current policies and procedures regarding the monitoring of the estimated resources to prevent this condition from occurring in the future. The Clerk will also implement a procedure to obtain approval by submitting the amended estimated resources with the County as required.

**VILLAGE OF NEVADA  
 WYANDOT COUNTY  
 SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
 FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:</b>
2005-001	ORC 5705.41 (C) - Expenditures Exceed Appropriations.	Yes	Fully corrected in 2006-2007.
2005-002	ORC 5705.36 - Amending Certificates of Estimated Resources.	No	Reissued as finding 2007-002.
2005-003	ORC 5705.39 - Appropriations Exceeding Estimated Resources.	No	Reissued as finding 2007-003.
2005-004	Internal Control Reportable Condition - Annual Report and Ledger Posting and Classifications Errors	Yes	Fully corrected in 2006-2007.





**Mary Taylor, CPA**  
Auditor of State

**VILLAGE OF NEVADA**

**WYANDOT 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  
MAY 12, 2009**