

VILLAGE OF WREN

Van Wert County

Regular Audit

January 1, 2009 through December 31, 2010

Fiscal Years Audited Under GAGAS: 2010 and 2009



Caudill & Associates, CPA

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Dave Yost • Auditor of State

Village Council
Village of Wren
P. O. Box 275
Wren, Ohio 45889

We have reviewed the *Independent Auditors' Report* of the Village of Wren, Van Wert County, prepared by Caudill & Associates, CPAs, for the audit period January 1, 2009 through December 31, 2010. 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 Wren is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

December 27, 2012

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**VILLAGE OF WREN
VAN WERT COUNTY**

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Independent Auditor's Report

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

To the Village Council:

We were engaged to audit the accompanying financial statements of Village of Wren, Van Wert County, (the Village) as of and for the years ended December 31, 2010 and 2009. 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 were not able to obtain sufficient documentation during testing of cash, charges for services, miscellaneous revenue, payroll and debt. Also we were unable to obtain sufficient evidential matter to support the January 1, 2009 and the January 1, 2010 fund balances for the General Fund, Special Revenue Funds, and Capital Projects Fund. As well, we did not obtain a management representation letter or an attorney letter.

Because of the significance of the matters stated in the preceding paragraph, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the financial statements referred to in the first paragraph for the years ended December 31, 2010 and December 31, 2009.

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 July 20, 2012, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Caudill & Associates, CPA

Caudill & Associates, CPA

July 20, 2012

**VILLAGE OF WREN
VAN WERT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Local Taxes	\$ 9,727	\$ 1,993	\$ -	\$ 11,720
Intergovernmental	23,614	23,648	-	47,262
Special Assessments	-	4,887	-	4,887
Charges for Services	-	41,000	-	41,000
Earnings on Investments	14	-	-	14
Miscellaneous	9,610	14,858	180	24,648
Total Cash Receipts	<u>42,965</u>	<u>86,386</u>	<u>180</u>	<u>129,531</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	-	28,955	-	28,955
Public Health Services	1,100	-	-	1,100
Leisure Time Activities	-	-	-	-
Transportation	-	6,156	-	6,156
General Government	45,035	4,760	-	49,795
Capital Outlay	-	-	-	-
Debt Service:				
Redemption of Principal	2,078	9,453	-	11,531
Interest and Fiscal Charges	33	3,633	-	3,666
Total Cash Disbursements	<u>48,246</u>	<u>52,957</u>	<u>-</u>	<u>101,203</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(5,281)</u>	<u>33,429</u>	<u>180</u>	<u>28,328</u>
Other Financing Receipts / (Disbursements):				
Other Financing Uses	<u>(1,887)</u>	<u>-</u>	<u>-</u>	<u>(1,887)</u>
Total Other Financing Receipts / (Disbursements)	<u>(1,887)</u>	<u>-</u>	<u>-</u>	<u>(1,887)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(7,168)	33,429	180	26,441
Fund Cash Balances, January 1	<u>10,187</u>	<u>94,113</u>	<u>5,390</u>	<u>109,690</u>
Fund Cash Balances, December 31	<u><u>\$ 3,019</u></u>	<u><u>\$ 127,542</u></u>	<u><u>\$ 5,570</u></u>	<u><u>\$ 136,131</u></u>

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

**VILLAGE OF WREN
VAN WERT COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Local Taxes	\$ 11,156	\$ 2,002	\$ -	\$ 13,158
Intergovernmental	22,675	14,460	-	37,135
Special Assessments	114	9,083	-	9,197
Charges for Services	1,176	40,500	-	41,676
Miscellaneous	6,817	12,335	-	19,152
	<u>41,938</u>	<u>78,380</u>	<u>-</u>	<u>120,318</u>
Total Cash Receipts				
	41,938	78,380	-	120,318
Cash Disbursements:				
Current:				
Security of Persons and Property	-	52,204	-	52,204
Public Health Services	34	-	-	34
Transportation	-	3,900	-	3,900
General Government	43,427	4,249	-	47,676
Capital Outlay	-	32,699	-	32,699
Debt Service:				
Redemption of Principal	4,471	9,025	-	13,496
Interest and Fiscal Charges	413	4,062	-	4,475
	<u>48,345</u>	<u>106,139</u>	<u>-</u>	<u>154,484</u>
Total Cash Disbursements				
	48,345	106,139	-	154,484
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(6,407)</u>	<u>(27,759)</u>	<u>-</u>	<u>(34,166)</u>
Other Financing Receipts / (Disbursements):				
Other Debt Proceeds	-	32,699	-	32,699
Other Financing Uses	(1,966)	-	-	(1,966)
	<u>(1,966)</u>	<u>32,699</u>	<u>-</u>	<u>30,733</u>
Total Other Financing Receipts / (Disbursements)				
	(1,966)	32,699	-	30,733
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(8,373)</u>	<u>4,940</u>	<u>-</u>	<u>(3,433)</u>
Fund Cash Balances, January 1	<u>12,881</u>	<u>91,732</u>	<u>4,123</u>	<u>108,736</u>
Fund Cash Balances, December 31	<u>\$ 4,508</u>	<u>\$ 96,672</u>	<u>\$ 4,123</u>	<u>\$ 105,303</u>

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

**VILLAGE OF WREN
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

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 Wren, Van Wert County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides general government services including street lighting, street repair and maintenance and park operations, and also provides Fire and Emergency Medical Services with volunteer departments.

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

B. Accounting Basis

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

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

C. 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 of receipts or disbursements, respectively.

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.

2. Special Revenue Funds

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

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

**VILLAGE OF WREN
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

2. Special Revenue Funds (Continued)

Fire and Emergency Medical Services Operating Fund – This fund receives the receives tax levy monies, grant monies and contract services monies to be used for fire and medical emergency services.

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

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

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.

2. Equity in Pooled Deposits and Investments

The Village maintains a deposit and investment pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. We could not substantiate the carrying amounts of the deposits and investments at December 31, 2010 and December 31, 2009.

**VILLAGE OF WREN
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

3. Budgetary Activity.

Budgetary activity for the years ending December 31, 2010 and 2009 follows:

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$48,443	\$42,965	(\$5,478)
Special Revenue	75,569	86,386	10,817
Capital Projects	-	180	180
Total	\$124,012	\$129,531	\$5,519

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$56,014	\$50,133	\$5,881
Special Revenue	56,200	52,957	3,243
Capital Projects	-	-	-
Total	\$112,214	\$103,090	\$9,124

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$48,443	\$41,938	(\$6,505)
Special Revenue	108,234	111,079	2,845
Capital Projects	-	-	-
Total	\$156,677	\$153,017	(\$3,660)

2009 Budgeted vs. Actual Budgetary Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$55,024	\$50,311	\$4,713
Special Revenue	106,761	106,139	622
Capital Projects	-	-	-
Total	\$161,785	\$156,450	\$5,335

**VILLAGE OF WREN
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

4. Property Tax

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

Public utilities are also taxed on personal and real personal property located within the Village. Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

5. Debt

Debt outstanding at December 31, 2010 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Bond anticipation Notes	\$56,637	5.82%
Ohio Public Works Commission Loan CT30J	<u>29,163</u>	0%
	<u><u>\$85,800</u></u>	

The Bond Anticipation Notes were issued for the purchase of a Fire Truck on June 11, 2002. The Village plans to repay the notes through revenues generated from fire protection contracts. The full faith, credit and revenue of the Village are pledged for the repayment of this debt. The principal sum of \$90,000 is to be paid off in bi-annual installment payments over 15 years using a 20 year amortization process and involving a final principal balloon payment of \$35,682.

The US Bank Note was issued to cover the remaining costs of the Jackson Street Project on February 7, 2005. The full faith, credit and revenue of the Village were pledged for the repayment of this debt. The principal was paid in full as of December 31, 2010.

The Ohio Public Works Commission loan relates to the costs of the Jackson Street Project. The principal sum of \$32,699 is to be paid off in bi-annual installments of \$884 over a term of 20 years. The full faith, credit and revenue of the Village are pledged for the repayment of this debt.

**VILLAGE OF WREN
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

5. Debt (Continued)

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

Year ending December 31:	OPWC Loan	Bond Anticipation Notes	Total
2011	\$1,768	\$7,905	\$9,673
2012	1,768	7,905	9,673
2013	1,768	7,905	9,673
2014	1,768	7,905	9,673
2015	1,768	7,905	9,673
2016-2020	8,840	39,525	48,365
2021-2025	8,840	-	8,840
2026	2,643	-	2,643
Total	<u>\$29,163</u>	<u>\$79,050</u>	<u>\$108,213</u>

6. Retirement Systems

The Village's officials and employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2010 and 2009, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equal to 14% of participants' gross salaries. We could not substantiate that the Village had paid all required contributions through December 31, 2010.

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

8. Compliance

Contrary to Ohio Rev. Code Section 5705.36, in 2009 and 2010, the Village's appropriations were greater than the resources available for the General Fund.

Contrary to Ohio Rev. Code Section 117.38, the Village did not file the fiscal year annual report for 2010 and 2009.

Contrary to 26 USC 3402(a)(1), the Village did not provide evidential matter to substantiate payments for federal taxes.

Contrary to Ohio Rev. Code 5747.06 (A), the Village did not provide evidential matter to substantiate payments for State Payroll Taxes.

**VILLAGE OF WREN
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

8. Compliance (Continued)

Contrary to Ohio Rev. Code 145.47, the Village did not provide evidential matter to substantiate payments to the Ohio Public Employees System.

9. Miscellaneous Revenue

In 2010 and 2009, miscellaneous receipts are comprised significantly of donations made to the Village. We were unable to substantiate miscellaneous receipts.

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Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Village of Wren
Van Wert County
P.O. Box 275
Wren, Ohio 45889

To the Village Council:

We were engaged to audit the financial statements of Village of Wren, Van Wert County, Ohio (the Village) as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated July 20, 2012, which was disclaimed for lack of evidential matter regarding cash, charges for services, miscellaneous revenue, payroll and debt. We were also unable to support the January 1, 2009 and the January 1, 2010 fund balances for the General Fund, Special Revenue Funds, and Capital Projects Fund. As well, we did not obtain a management representation letter or an attorney letter. We conducted our engagement 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 engagement, we considered the Village's internal control over financial reporting as a basis for designing our engagement procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider findings 2010-003 through 2010-010 described in the accompanying schedule of findings and responses to be material weaknesses.

Village of Wren
Van Wert County

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards (Continued)

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our engagement and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards*, which are described in the accompanying schedule of findings and responses as items 2010-001 through 2010-002 and 2010-008 through 2010-010.

The Village's responses to the findings identified in our engagement are described in the accompanying schedule of findings and responses. We did not audit the Village's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of management, Village Council and the Auditor of State . We intend it for no one other than these specified parties.

Caudill & Associates, CPA

Caudill & Associates, CPA

July 20, 2012

**VILLAGE OF WREN
VAN WERT COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2010 AND 2009**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2010-001

Noncompliance Citation – Ohio Rev. Code Section 5705.36

Ohio Rev. Code Section 5705.36 states that upon determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the fiscal officer shall certify the amount of the deficiency to the commission, and the commission shall certify an amended certificate reflecting the deficiency.

Notification of reduced receipts, resulting in resources below the level of current appropriations, was not made to the commission as required. In 2009 and 2010, Appropriations were greater than resources available for the General Fund.

We recommend the Village monitor budgetary financial reports throughout the year to prevent budgetary expenditures from exceeding available resources.

Village Response:

We received no response from the Village regarding this issue.

FINDING NUMBER 2010-002

Non-Compliance Citation – Ohio Rev. Code Section 117.38

Financial information is vital to an organization's management in its continual effort to effectively make decisions to guide the organization. It is also important for management to receive timely feedback on the reliability of financial information summarized in the financial statements, notes to the financial statements, and the schedules used to make these management decisions.

The Ohio Revised Code Section 117.38 mandates that cash-basis entities must file their reports with the Auditor of State within 60 days of the entity's year end. In addition the public office must publish a notice in a local newspaper stating that the financial report is available for public inspection at the office of the chief fiscal officer. As well, a penalty can be imposed of \$25 per each day the report is not filed up to \$750.

The Village's Fiscal Year 2009 and 2010 report was not filed with the Auditor of State, and no notice of availability of the financial report was published.

The Village should ensure that its financial reports are timely filed with the Auditor of State. In addition, the Village should ensure that notice of availability.

Village Response:

We received no response from the Village regarding this issue.

**VILLAGE OF WREN
VAN WERT COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES (Continued)
DECEMBER 31, 2010 AND 2009**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING 2010-003

Material Weakness – Misclassification of Receipts

All receipts and disbursements should be posted in accordance with the UAN account codes recommended by the Auditor of State in the Village Handbook. Furthermore debt payments and proceeds should be properly recorded with respect to interest and principle.

The Village did not properly classify various receipts during 2010 and 2009, including, but not limited to property taxes, intergovernmental receipts, charges for services, and miscellaneous revenue. This could lead to unlawful use of Village funds.

We recommend that the Village implement policies to ensure that all receipts and disbursements are recorded properly according to the UAN codes recommended in the Village Handbook.

Village Response:

We received no response from the Village regarding this issue.

FINDING NUMBER 2010-004

Material Weakness – Failure to maintain adequate supporting documentation for cash, charges for services, miscellaneous revenue, payroll, debt, and fund balances for January 1, 2009 and January 1, 2010.

Adequate supporting documentation is a key control in the disbursement process to determine if expenditures are for their intended use. Fund balance adjustments were performed on the beginning 2010 and 2009 Fund balances of all funds, but did not have supporting documentation on the purpose which resulted in the difference between audited prior year balances and beginning 2010 and 2009 balances. As well, cash could not be reconciled to agree to the fund balances. Also some miscellaneous revenue and charges for services could not be traced to the deposit or posted as a different amount to the system than the collection. Finally, debt was not properly recorded, and debt agreements were unavailable for auditing purposes.

The lack of adequate supporting documentation could result in funds being spent on unauthorized purchases, loss of grant monies, theft or fraud. The Village does not require that monthly financial reports be monitored by Council. In addition, the Village should ensure that monies are direct deposited when available and cash collection points are monitored, reconciled and reviewed. Finally, the Village should create policies to record and reconcile debt, income, and expenditures in a reasonable, timely manner.

Village Response:

We received no response from the Village regarding this issue

**VILLAGE OF WREN
VAN WERT COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES (Continued)
DECEMBER 31, 2010 AND 2009**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2010-005

Material Weakness – Financial Control Procedures and Documentation

An important internal control is the Village Council. The Council should be responsible for reviewing financial reports prepared by the Clerk and presenting them to Council each month for review and approval. The reports to be reviewed include: cash reconciliations, statements showing receipts, disbursements and budgetary information and check registers.

The Village did not maintain evidence of control procedures for the review and approval of financial reports and activities. The minute record did not record monthly reviews by Council and none of the reports showed evidence of review or approval.

We recommend the Village Council review the monthly financial reports, including bank statements, disbursements and receipts with the budget comparisons, check registers, and present reconciliations of cash to the Council. Any significant variances should be investigated. Because of the system complexity and the responsibility of reviewing the Village financial records, we recommend continuing education for any Council member who requests it.

Review and approval of financial reports should be recorded in the minute record and also evidenced on the actual documents by signing or initially. Failure to maintain evidence of control procedures eliminates any credibility that the control was actually performed.

Village Response:

We received no response from the Village regarding this issue.

FINDING NUMBER 2010-006

Material Weakness - Lack of oversight of Village Clerk

The Clerk handles all financial record-keeping, including receipting and posting. The weakness of this system is that it may allow for diversion of funds through possible alterations of source documents. Also, bookkeeping errors may occur without detection in a timely manner.

To enhance accountability and to strengthen internal accounting controls, Village Council should periodically review the records, (i.e. reconciliations, cash journals, bank statements, etc.) to determine the accuracy and to verify that proper procedures were followed by the clerk. We recommend these periodic reviews be noted in the minutes, and the documents reviewed and initialed by the reviewer.

Village Response:

We received no response from the Village regarding this issue.

**VILLAGE OF WREN
VAN WERT COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES (Continued)
DECEMBER 31, 2010 AND 2009**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2010-007

Material Weakness - Reconciliations

Monthly reconciliations were not performed accurately during the audit period. The Village's inability to get the book's in balance with the bank resulted due to inaccuracies in the cashbook, ledgers, journals and unapproved adjustments made by the Clerk to the accounting system in an attempt to reconcile the Village's books with the bank. Failure to perform accurate monthly reconciliations could lead to unauthorized or inaccurate transactions occurring and going undetected.

Additionally, financial information is not provided to Village Council by the Clerk/Treasurer. The lack of effective monitoring by Village Council also could lead to unauthorized or inaccurate transactions occurring and going undetected.

We recommend that monthly reconciliations be performed accurately and in a timely manner. Monthly reconciliations and monthly financial reports should be provided to Village Council by the Clerk at each regular meeting to facilitate effective monitoring of Village financial activity. Village Council's review of monthly reconciliations and financial reports should be documented in the minutes.

Village Response:

We received no response from the Village regarding this issue.

FINDING NUMBER 2010-008

Material Weakness – Federal Payroll Taxes

26 USC 3402(a) (1) states, in part that , in general, except as otherwise provided in this section, every employer making payment of wages shall deduct and withhold upon such wages a tax determined in accordance with tables or computational procedures prescribed by the Secretary of Treasury.

We could not substantiate that the Village remitted all federal tax withholdings to the U.S. Treasury. Although we cannot reasonably determine the amount due, we presume the misstatement is material.

The Village should remit all federal income taxes withheld in a timely manner to the Internal Revenue Service. This would help reduce the possibility of a misstatement and additional expenditures to the Village for penalties and interest imposed for late remittances of tax payments and filings.

Village Response:

We received no response from the Village regarding this issue.

**VILLAGE OF WREN
VAN WERT COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES (Continued)
DECEMBER 31, 2010 AND 2009**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2010-009

Material Weakness – State Payroll Taxes

Ohio Rev. Code Section 5747.06 (A) requires that except as provided in division (E)(3) of the same statute, every employer, including the state and its political subdivisions, maintaining an office or transacting business within this state and making payment of any compensation to an employee who is a taxpayer, shall deduct and withhold from such compensation for each payroll period a tax computed in such manner as to result, as far as practicable, in withholding from the employee's compensation during each calendar year an amount substantially equivalent to the tax reasonably estimated to be due from the employee under this chapter and Chapter 5748 of the Revised Code with respect to the amount of such compensation included in his adjusted gross income during the calendar year. The employer shall deduct and withhold the tax on the date that the employer directly, indirectly, or constructively pays the compensation to, or credits the compensation to the benefit of, the employee. The method of determining the amount to be withheld shall be prescribed by rule of the tax commissioner.

We could not substantiate that the Village remitted all of its state income taxes because of lack of evidential matter. Although we cannot reasonably determine the amount due, we presume the misstatement is material.

The Village should remit all state income taxes withheld in a timely manner to the Ohio Department of Taxation. This would help reduce the possibility of a misstatement and additional expenditures to the Village for penalties and interest imposed for late remittances of tax payments and filings.

Village Response:

We received no response from the Village regarding this issue.

FINDING NUMBER 2010-010

Material Weakness – Employee Retirement Payments

Ohio Rev. Code Section 145.47 states the head of each state department and the fiscal officer of each local authority subject to this chapter shall transmit promptly to the public employees retirement system a report of contributions at such intervals and in such form as the system shall require, showing thereon all deductions for the system made from the earnable salary of each contributor employed, together with warrants or checks covering the total of such deductions within thirty days after the last day of such reporting period.

We could not substantiate that the Village remitted all of its required payments to the Ohio Public Employees Retirement System because of lack of evidential matter. Although we cannot reasonably determine the amount due, we presume the misstatement is material.

The Village should take the care necessary to ensure retirement withholdings and employer contributions are being remitted on a timely basis to avoid penalties.

Village Response:

We received no response from the Village regarding this issue.

Village of Wren
Van Wert County
Schedule of Prior Audit Findings
For the Fiscal Years Ended December 31, 2010 and 2009

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2008-001	Ohio Rev. Code 4123.25	Yes	Finding no longer Valid
2008-002	Ohio Rev. Code 5705.41 (D)	Yes	Finding no longer Valid
2008-003	Ohio Rev. Code 5705.36	No	Reissued as Finding 2010-001
2008-004	Ohio Rev. Code 5705.39	No	Reissued as Finding 2010-002
2008-005	Ohio Rev. Code 5705.10	No	Finding no longer Valid
2008-006	Significant Deficiency – Account Coding	No	Reissued as Finding 2010-003



Dave Yost • Auditor of State

VILLAGE OF WREN

VAN WERT COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JANUARY 8, 2013