



**Auditor of State
Betty Montgomery**

VILLAGE OF WREN
VAN WERT COUNTY

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**Auditor of State
Betty Montgomery**

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

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While 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. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

July 5, 2005

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Wren, Van Wert County, (the Village), as of and for the years ended December 31, 2004 and 2003. 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. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe 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 year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 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 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 permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

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In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 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, 2004, or their changes in financial position for the year 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 as of December 31, 2004 and 2003, 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 year ended December 31, 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 July 5, 2005, 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.



Betty Montgomery
Auditor of State

July 5, 2005

**VILLAGE OF WREN
VAN WERT COUNTY**

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

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$8,299	\$2,422		\$10,721
Special Assessments		3,976		3,976
Intergovernmental Receipts	27,122	27,872		54,994
Charges for Services		41,304		41,304
Earnings on Investments	303			303
Miscellaneous	2,453	5,335		7,788
	<u>38,177</u>	<u>80,909</u>		<u>119,086</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Security of Persons and Property		27,609		27,609
Public Health Services	965			965
Leisure Time Activities				
Community Environment				
Basic Utility Services				
Transportation		200		200
General Government	45,538	4,900		50,438
Debt Service Payments	1,399	8,140		9,539
	<u>47,902</u>	<u>40,849</u>		<u>88,751</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	(9,725)	40,060		30,335
Other Financing Receipts and (Disbursements):				
Other Financing Sources	442			442
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(9,283)</u>	<u>40,060</u>		<u>30,777</u>
Fund Cash Balances, January 1	25,323	91,065	3,721	120,109
Fund Cash Balances, December 31	<u>\$16,040</u>	<u>\$131,125</u>	<u>\$3,721</u>	<u>\$150,886</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 TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$8,139	\$2,409		\$10,548
Special Assessments		4,108		4,108
Intergovernmental Receipts	26,767	15,302		42,069
Charges for Services		40,802		40,802
Fines, Licenses and Permits	50			50
Earnings on Investments	489			489
Miscellaneous	948	8,805	12	9,765
	<u>36,393</u>	<u>71,426</u>	<u>12</u>	<u>107,831</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Security of Persons and Property		45,805		45,805
Public Health Services	1,033			1,033
Leisure Time Activities				
Community Environment				
Basic Utility Services				
Transportation		1,545		1,545
General Government	44,263	4,517		48,780
Capital Outlay		38,029		38,029
Debt Service Payments	2,440	8,747	103	11,290
	<u>47,736</u>	<u>98,643</u>	<u>103</u>	<u>146,482</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	<u>(11,343)</u>	<u>(27,217)</u>	<u>(91)</u>	<u>(38,651)</u>
Other Financing Receipts and (Disbursements):				
Transfers In		5,025		5,025
Transfers Out	(5,025)			(5,025)
	<u>(5,025)</u>	<u>5,025</u>		
Total Other Financing Receipts and (Disbursements):				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(16,368)	(22,192)	(91)	(38,651)
Fund Cash Balances, January 1	41,691	113,257	3,812	158,760
Fund Cash Balances, December 31	<u>\$25,323</u>	<u>\$91,065</u>	<u>\$3,721</u>	<u>\$120,109</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, 2004 AND 2003**

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 governs 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. Basis of Accounting

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

These statements adequately disclose material matters the Auditor of State prescribes.

C. Cash and Investments

The Village's accounting basis includes investments as assets. This basis does not report disbursements for investment purchases or receipts for investment sales. The Village reports gains or losses at the time of sale as receipts or disbursements, respectively.

The Village 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:

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Fund

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

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

VILLAGE OF WREN
VAN WERT COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

3. **Capital Project Funds**

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project funds:

Fire Truck Fund - This fund received proceeds from a loan for the purchase of a Fire Truck. A portion of the monies received from fire contracts will be used to retire the debt from this fund.

E. **Budgetary Process**

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

1. **Appropriations**

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

2. **Estimated Resources**

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

3. **Encumbrances**

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

A summary of 2004 and 2003 budgetary activity appears in Note 3.

F. **Property, Plant, and Equipment**

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**VILLAGE OF WREN
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2004	2003
Demand deposits	\$150,886	\$120,109

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2004 and 2003 follows:

2004 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$38,765	\$38,619	(\$146)
Special Revenue	50,723	80,909	30,186
Capital Projects	14,345	0	(14,345)
Total	\$103,833	\$119,528	\$15,695

2004 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$52,575	\$47,902	\$4,673
Special Revenue	48,325	40,849	7,476
Capital Projects	0	0	0
Total	\$100,900	\$88,751	\$12,149

2003 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$39,115	\$36,393	(\$2,722)
Special Revenue	55,100	76,451	21,351
Capital Project Funds	11,238	12	(11,226)
Total	\$105,453	\$112,856	\$7,403

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$54,193	\$52,761	\$1,432
Special Revenue	78,303	98,643	(20,340)
Capital Projects Funds	10,000	103	9,897
Total	\$142,496	\$151,507	(\$9,011)

**VILLAGE OF WREN
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Fire/EMS Operating fund by \$8,310 and the Fire Special Fund by \$11,000 for the year ended December 31, 2003.

4. PROPERTY TAX

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

Property owners assess tangible personal property tax. They must file a list of tangible property to the County by each April 30. The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on the Village's behalf.

5. DEBT

Debt outstanding at December 31, 2004 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Bond Anticipation Notes	\$83,544	5.82%

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.

There were also payments during fiscal years 2004 and 2003 on a promissory note issued for the purchase of a tractor. The full loan amount was \$14,700 with an annual interest rate of 7.5% for a five year period. The loan called for monthly installment payments of \$295.35 for 59 months with a final irregular payment amount. This note was fully paid during fiscal year 2004.

**VILLAGE OF WREN
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

5. DEBT (Continued)

Amortization of the above debt, including interest, follows:

<u>Year ending December 31:</u>	<u>General Obligation Notes</u>
2005	\$7,741
2006	7,739
2007	7,736
2008	7,746
2009	7,731
2010-2014	38,616
2015-2017	52,155
Total	\$129,464

6. RETIREMENT SYSTEMS

One part-time employee and the Village Clerk belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes the plans' retirement benefits, including postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2004 and 2003, OPERS members contributed 8.5 percent of their wages. The Village contributed an amount equal to 13.55 percent of participants' gross salaries.

7. RISK MANAGEMENT

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 WREN
VAN WERT COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)

7. RISK MANAGEMENT (Continued)

Property Coverage

PEP retains property risks, including automobile physical damage, up to \$100,000 on any specific loss with an annual aggregate of \$1,250,000 for 2002. There is no aggregate for 2003 and future accident years. Beginning in 2003, 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. 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 township.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2003 and 2002 (the latest information available).

Casualty Coverage	2003	2002
Assets	\$25,288,098	\$20,174,977
Liabilities	(12,872,985)	(8,550,749)
Retained earnings	\$12,415,113	\$11,624,228

Property Coverage	2003	2002
Assets	\$3,158,813	\$2,565,408
Liabilities	(792,061)	(655,318)
Retained earnings	\$2,366,752	\$1,910,090



Auditor of State Betty Montgomery

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

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

To the Village Council:

We have audited the financial statements of the Village of Wren, Van Wert County, (the Village), as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated July 5, 2005, 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 also noted that the Village uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Village because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. 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 to determine our auditing procedures in order to express our opinion on the financial statements and not to opine on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider a reportable condition. 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 management's assertions in the financial statements. A Reportable condition is described in the accompanying schedule of findings as item 2004-004.

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 material to the financial statements we audited may occur and not be timely detected by employees when 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 material weaknesses. We consider reportable condition 2004-004 listed above to be a material weakness. In a separate letter to the Village's management dated July 5, 2005, we reported other matters involving internal control over financial reporting which we did not deem reportable conditions.

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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 audit and, accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2004-001 to 2004-003. In a separate letter to the Village's management dated July 5, 2005, we reported other matters related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of the management and Village Council. It is not intended for anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

July 5, 2005

VILLAGE OF WREN
VAN WERT COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2004 AND 2003

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

FINDING NUMBER 2004-001

Ohio Rev. Code Section 5705.10 all revenue derived from a special levy is to be credited to a special fund for the purpose for which the levy was made and all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose is to be paid into a special fund for such purpose. Also, **Ohio Rev. Code Section 5705.10** provides that money paid into a fund shall be used only for the purpose for which such fund was established. Money in a fund may be used to pay debt charges provided the payment of such debt charges is consistent with the purpose for which the fund was established.

The EMS Levy fund was established to record tax levies from the county to be used for the operation and maintenance of emergency medical services. The Special Assessments fund was established to record special assessments for street lighting expenses automatically added to and collected with the taxes imposed on property and personal property and used to pay the expenses involved with the operation and maintenance of street lighting. The Fire-EMS Operating fund receives revenues from contract services and grant monies to be used for fire and medical emergency services. The EMS Special fund receives monies from fundraisers and other donations to be used for medical emergency services and the Fire Truck fund receives monies from fundraisers and other donations for the purchase of a fire truck. The Street Construction, Maintenance and Repair fund, State Highway fund and Permissive Motor Vehicle License tax fund are used to account for auto registration, gasoline taxes and permissive license tax revenues.

- Revenue set aside from the general levy monies for the retirement of notes were posted to the EMS Levy Fund instead of a Debt Service Fund during fiscal year 2003 in the amount of \$1,015. The debt was being paid out of the fire contract revenues accounted for in the Fire-EMS operating fund, so these taxes should have been paid into the general fund.
- Taxes levied for Emergency Medical Services (EMS) were improperly paid into the General Fund instead of the EMS Levy Fund during fiscal year 2004 in the amount of \$1,369.
- Special assessments for street lighting were improperly paid into the General Fund instead of a Special Assessments fund during fiscal year 2004 in the amount of \$3,976.
- During 2004, auto registration monies were posted to the general fund rather than the Street Construction Maintenance and Repair (SCM&R) fund in the amount of \$1,320. During 2003, auto registration monies were posted to the general rather than the SCM&R fund in the amount of \$264.
- During 2004, permissive license tax revenues were posted to the SCM&R fund in the amount of \$493 and the general fund in the amount of \$50, rather than the Permissive Motor Vehicle License Tax Fund. During 2003, permissive license tax revenues were posted to the SCM&R fund in the amount of \$492 and the State Highway fund in the amount of \$100 rather than the Permissive Motor Vehicle License Tax Fund.
- During 2004 one of the debt payments for the fire truck in the amount of \$3,879 was made from the EMS Special fund rather than the Fire-EMS Operating fund
- Part of the payment (\$3,000) for an emergency management services vehicle remount was made from the Fire Truck fund instead of the Fire-EMS Operating fund in 2003.
- During 2004, an EMS grant was posted to the General fund rather than the Fire/EMS Operating Fund in the amount of \$2,375.

**FINDING NUMBER 2004-001
 (Continued)**

The errors noted resulted in net adjustments between funds as follows: During 2003, the General Fund was increased by \$751, the Street, Construction, Maintenance and Repair fund was reduced by \$228, the State Highway fund was reduced by \$100, the Permissive Motor Vehicle License Tax fund was increased by \$592, the Fire/EMS Operating Fund was reduced by \$3,000, the EMS Levy fund was reduced by \$1,015, and the Fire Truck fund was increased by \$3,000. During 2004, the General Fund was reduced by \$9,090, the Street, Construction, Maintenance and Repair fund was increased by \$827, the Permissive Motor Vehicle License Tax fund increased by \$543, the Special Assessment fund increased by \$3,976, the EMS Special Fund was increased by \$3,879, the Fire/EMS Operating fund was reduced by \$1,504 and the EMS Levy fund was increased by \$1,369. The accompanying financial statements reflect the above noted adjustment and the adjustments have been posted to the accounting records of the Village.

Village personnel need to review all coding of receipts and expenditures to determine accurate fund and program codes. This can be accomplished by reviewing the village chart of accounts presented with the UAN system.

FINDING NUMBER 2004-002

Ohio Rev. Code Section 5705.41 (B) states that no subdivision or taxing unit is to expend money unless it has been appropriated.

There were two instances during fiscal year 2004 where expenditures exceeded appropriations at the legal level of control. This did not result in expenditures exceeding appropriations at the fund level for the General fund. There were ten instances in fiscal year 2003 where expenditures exceeded appropriations at the legal level of control. This resulted in expenditures exceeding appropriations for the Fire/EMS Operating fund and the EMS Levy fund. Following is the analysis of expenditures vs. appropriations at the fund level;

<u>Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Variance</u>
Fire/EMS Operating	23,625	31,935	(8,310)
Fire Special	0	11,000	(11,000)

Village personnel should adopt appropriations prior to authorizing the expenditures of funds. All appropriation amendments should be filed with the County Auditor on a timely basis.

FINDING NUMBER 2004-003

Ohio Rev. Code Sections 5705.14, 5705.15, and 5705.16 state that no transfer can be made from one fund of a subdivision to any other fund, except money may be transferred from the general fund to any other fund of the subdivision by resolution of the taxing authority. Also, there is a specific account for recording these transfers.

Village personnel "transferred" \$5,025 from the General fund to the EMS Levy fund by using the fund balance adjustment process in the UAN system instead of through the accounts set up by the UAN system for recording transfers. Also, there was no formal approval noted for this transaction through the minutes or via a resolution or ordinance.

When processing a transfer, Village personnel need to formally approve the transaction and the proper accounting procedures need to be followed to properly account for the transaction as a transfer.

FINDING NUMBER 2004-004

Posting of Tax Levies and Intergovernmental Revenues

All of the manufactured home tax settlements and the separate personal property settlements were posted at net amounts (gross amounts not posted along with corresponding expenditures) and these amounts were also posted entirely to the General Fund. Also, various automobile registration revenues, permissive tax revenues, homestead and rollback and gasoline taxes were not completely or accurately posted to their corresponding funds and accounts. During 2004 there were seven fund adjustments totaling \$10,498 and during 2003 there were three adjustments totaling \$4,279.

The lack of proper posting of various taxes and intergovernmental revenues to proper funds and accounts could lead to improper fund balances, improper budgeting and various other problems related to the accounting for and management related decisions related to the posting of these revenues.

Village management should obtain a complete village chart of accounts, should discuss the proper posting of all revenues and should assure that revenues are being consistently posted from period to period.

**VILLAGE OF WREN
VAN WERT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2004 AND 2003**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2002-001	Mispostings of revenues from tax levies.	Adjustment from 2002 posted. Same mis-postings during 2004 and 2003	Not corrected, continuing problems during 2004 and 2003 See 2004-004.
2002-002	ORC Sec. 5705.36 - Amending estimated resources.	No	Partially corrected, still need to perform proper amending.
2002-003	ORC Sec. 5705.41 (B) - Expenditures exceeding appropriations	No	Repeated in current audit. See 2004-002
2002-004	ORC Sec. 5705.41(D) - No prior certification of funds	Yes	Corrected by use of blanket purchase orders
2002-005	ORC Sec. 9.38 - Untimely deposit of funds	No	Repeat as management letter comment.



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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
AUGUST 23, 2005**