

VILLAGE OF WESTON

WOOD COUNTY, OHIO

AUDIT REPORT

For the Years Ended December 31, 2009 & 2008

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



Mary Taylor, CPA

Auditor of State

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

We have reviewed the *Report of Independent Accountants* of the Village of Weston, Wood County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2008 through December 31, 2009. 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 *Report of Independent Accountants* 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 *Report of Independent Accountants* 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 Weston is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

May 11, 2010

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VILLAGE OF WESTON
WOOD COUNTY, OHIO
Audit Report
For the years ended December 31, 2009 & 2008

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Weston
Wood County
13234 Main Street
Weston, Ohio 43569

To the Village Council:

We have audited the accompanying financial statements of the Village of Weston, Wood County, Ohio (the Village) as and for the years ended December 31, 2009 and 2008. 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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2009 and 2008. Instead of the combined funds the accompanying financial statements present for 2009 and 2008, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for both years. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to reformat its statements. Since the Village does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2009 and 2008, 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, 2009 and 2008, or its changes in financial position or cash flows 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 Weston, Wood County as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the years ended December 31, 2009 and 2008. 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 April 8, 2010 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Charles E. Harris & Associates, Inc.

April 8, 2010

**VILLAGE OF WESTON
WOOD COUNTY, OHIO
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
For the Year Ended December 31, 2009**

	Governmental Fund Types					Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Permanent Fund	
Cash Receipts:						
Property and Local Taxes	\$ 32,822	\$ 22,023	-	-	-	\$ 54,845
Municipal Income Tax	213,857	-	-	-	-	213,857
Intergovernmental	45,088	85,834	-	-	-	130,922
Special Assessments	5,886	16,588	-	\$ 5,046	-	27,520
Charges for Services	12,000	99,769	-	-	-	111,769
Fines, Licenses, and Permits	7,940	-	-	-	-	7,940
Earnings on Investments	4,872	820	-	-	\$ 872	6,564
Miscellaneous	8,762	90	-	-	-	8,852
Total Cash Receipts	331,227	225,124	-	5,046	872	562,269
Cash Disbursements:						
Current:						
Security of Persons and Property	122,003	82,480	-	-	-	204,483
Public Health Service	929	32,994	-	-	865	34,788
Leisure Time Activities	8,734	-	-	-	-	8,734
Community Environment	155	-	-	-	-	155
Basic Utility Services	3,532	-	-	-	-	3,532
Transportation	3,906	86,763	-	-	-	90,669
General Government	153,303	646	-	138	-	154,087
Capital Outlay	2,514	-	-	34,830	-	37,344
Debt Service:						
Principal Payments	-	-	\$ 25,539	-	-	25,539
Interest and Fiscal Charges	-	-	919	-	-	919
Total Cash Disbursements	295,076	202,883	26,458	34,968	865	560,250
Total Receipts Over / (Under) Disbursements	36,151	22,241	(26,458)	(29,922)	7	2,019
Other Financing Sources / (Uses):						
Sale of Notes	-	-	-	16,870	-	16,870
Transfer-In	-	-	26,458	18,130	-	44,588
Transfer-Out	(44,588)	-	-	-	-	(44,588)
Total Other Financing Sources / (Uses):	(44,588)	-	26,458	35,000	-	16,870
Excess of Cash Receipts and Other Financing Sources Over / (Under) Cash Disbursements and Other Financing Uses	(8,437)	22,241	-	5,078	7	18,889
Fund Cash Balance, January 1, 2009	393,700	282,095	-	13,169	32,166	721,130
Fund Cash Balance, December 31, 2009	\$ 385,263	\$ 304,336	\$ -	\$ 18,247	\$ 32,173	\$ 740,019
Reserve for Encumbrances, December 31, 2009	-	\$ 485	-	-	-	\$ 485

See accompanying Notes to the Financial Statements.

**VILLAGE OF WESTON
WOOD COUNTY, OHIO
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN CASH BALANCES - FIDUCIARY FUND TYPE
For the Year Ended December 31, 2009**

		<u>Fiduciary Fund Type</u>
		<u>Agency</u>
Non-Operating Receipts/(Disbursements):		
Other Financing Sources	\$	16,643
Other Financing Uses		(16,643)
Total Non-Operating Receipts / (Disbursements):		<u>-</u>
Net Income / (Loss)		-
Fund Cash Balance, January 1, 2009		<u>-</u>
Fund Cash Balance, December 31, 2009	\$	<u><u>-</u></u>

See accompanying Notes to the Financial Statements.

**VILLAGE OF WESTON
WOOD COUNTY, OHIO
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
For the Year Ended December 31, 2008**

	Governmental Fund Types					Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Permanent Fund	
Cash Receipts:						
Property and Local Taxes	\$ 33,045	\$ 22,214	-	-	-	\$ 55,259
Municipal Income Tax	254,341	-	-	-	-	254,341
Intergovernmental	74,760	93,068	-	-	-	167,828
Special Assessments	-	16,394	-	\$ 3,240	-	19,634
Charges for Services	12,000	108,139	-	-	-	120,139
Fines, Licenses, and Permits	7,230	-	-	-	-	7,230
Earnings on Investments	14,568	2,682	-	5	\$ 1,172	18,427
Miscellaneous	9,263	275	-	-	-	9,538
Total Cash Receipts	405,207	242,772	-	3,245	1,172	652,396
Cash Disbursements:						
Current:						
Security of Persons and Property	129,100	78,801	-	-	-	207,901
Public Health Service	778	34,492	-	-	686	35,956
Leisure Time Activities	34,486	-	-	-	-	34,486
Community Environment	110	-	-	-	-	110
Basic Utility Services	4,101	-	-	-	-	4,101
Transportation	-	74,805	-	-	-	74,805
General Government	209,993	658	-	59	-	210,710
Capital Outlay	11,902	-	-	75,098	-	87,000
Total Cash Disbursements	390,470	188,756	-	75,157	686	655,069
Total Receipts Over / (Under) Disbursements	14,737	54,016	-	(71,912)	486	(2,673)
Other Financing Sources / (Uses):						
Sale of Notes	-	-	-	33,130	-	33,130
Transfer-In	14,732	2,500	-	38,000	-	55,232
Transfer-Out	(40,500)	-	-	-	-	(40,500)
Total Other Financing Sources / (Uses):	(25,768)	2,500	-	71,130	-	47,862
Excess of Cash Receipts and Other Financing Sources Over / (Under) Cash Disbursements and Other Financing Uses	(11,031)	56,516	-	(782)	486	45,189
Fund Cash Balance, January 1, 2008	404,731	225,579	-	13,951	31,680	675,941
Fund Cash Balance, December 31, 2008	\$ 393,700	\$ 282,095	\$ -	\$ 13,169	\$ 32,166	\$ 721,130
Reserve for Encumbrances, December 31, 2008	-	\$ 324	-	-	-	\$ 324

See accompanying Notes to the Financial Statements.

**VILLAGE OF WESTON
WOOD COUNTY, OHIO
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND CHANGES IN CASH BALANCES - PROPRIETARY FUND TYPE
For the Year Ended December 31, 2008**

		<u>Proprietary Fund Type</u>
		<u>Enterprise</u>
Non-Operating Receipts/(Disbursements):		
Transfer-Out	\$	(14,732)
Total Non-Operating Receipts / (Disbursements):		<u>(14,732)</u>
Net Income / (Loss)		(14,732)
Fund Cash Balance, January 1, 2008		<u>14,732</u>
Fund Cash Balance, December 31,2008	\$	<u><u>-</u></u>

See accompanying Notes to the Financial Statements.

**VILLAGE OF WESTON
WOOD COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

The Village of Weston, Wood County, (the Village) is a body corporate and politic established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides park operations, cemetery services, and fire, and EMS services. The Village used to provide water and sewer utility services but this operation has been turned over to the Northwestern Water and Sewer District in February 2006. Refer to Note 6. The Village contracts with the Wood County Sheriff's department to provide security of persons and property.

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

B. BASIS OF ACCOUNTING

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

The statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. CASH AND INVESTMENTS

Certificates of deposit are valued at cost.

D. FUND ACCOUNTING

The Village uses fund accounting to segregate cash and investments that are restricted to use. The Village classifies its funds into the following types:

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

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

**VILLAGE OF WESTON
WOOD COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -(Continued)

D. FUND ACCOUNTING – (Continued)

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

Permanent Fund: This fund accounts for the Village permanent cemetery projects such as fencing and other cemetery projects. The corpus of the trust must remain intact and only the interest can be spent.

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

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

- **CDBG Storm Sewer Project Fund:** This fund receives Community Development Block Grant funds for construction of storm sewer project.
- **Main Street Paving Fund:** This fund receives distributions from the General Fund to fund the repaving of Main Street.
- **Sidewalk Project-Special Assessment:** This fund receives distributions from the General Fund to fund the repair of sidewalk project.

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

- **Enterprise Fund (Water Fund):** This fund receives charges for services from residents to cover the cost of providing water and sewer services. The Village no longer operates a water distribution system after the end of 2008.

Fiduciary Fund: This fund report assets held in a trustee or agency capacity for individuals, private organizations, or other governments and cannot be used to support the government's own programs. The Village had the following significant Fiduciary Fund:

- **Agency Fund (Insurance Fund):** This fund withholds funds from insurance company and releases the funds to the residents after inspection.

**VILLAGE OF WESTON
WOOD COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -(Continued)

E. BUDGETARY PROCESS

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

- **Appropriations**

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

- **Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must also approve estimated resources. Appropriations may not exceed estimated resources.

- **Encumbrances**

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

A summary of budgetary activity appears in Note 5.

F. PROPERTY, PLANT, AND EQUIPMENT

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

G. ACCUMULATED LEAVE

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

**VILLAGE OF WESTON
WOOD COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008**

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

		<u>2009</u>		<u>2008</u>
Demand Deposits	\$	102,312	\$	87,455
Certificates of Deposit		637,707		633,675
Total Deposits	\$	<u>740,019</u>	\$	<u>721,130</u>

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

3. PROPERTY TAX

Real property taxes are levied on assessed values, which equal 35% of appraised value. The county auditor reappraises all real property every six years with a triennial update. The last triennial update was completed for tax year 2008. The next update will be in 2011.

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

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

Public utilities are also taxed on personal and real property located within the Village. Tangible personal property taxes are being phased out through 2009.

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

**VILLAGE OF WESTON
WOOD COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008**

4. LOCAL INCOME TAX

The Village levies a municipal income tax of 1 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

Municipal income taxes were collected by the Regional Income Tax Agency (RITA).

5. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2009 and 2008 follows:

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 466,933	\$ 420,939	\$ (45,994)
Special Revenue	224,396	245,272	20,876
Capital Projects	100,000	74,375	(25,625)
Permanent	1,200	1,172	(28)
Enterprise	-	-	-

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 483,738	\$ 430,970	\$ 52,768
Special Revenue	242,631	189,080	53,551
Capital Projects	111,519	75,157	36,362
Permanent	1,000	686	314
Enterprise	14,732	14,732	-

**VILLAGE OF WESTON
WOOD COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008**

5. BUDGETARY ACTIVITY

2009 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 380,456	\$ 331,227	\$ (49,229)
Special Revenue	224,255	225,124	869
Debt Service	26,458	26,458	-
Capital Projects	138,250	40,046	(98,204)
Permanent	1,000	872	(128)

2009 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 431,184	\$ 339,664	\$ 91,520
Special Revenue	257,844	203,368	54,476
Debt Service	26,458	26,458	-
Capital Projects	134,900	34,968	99,932
Permanent	1,000	865	135
Agency	16,643	16,643	-

6. AGREEMENT WITH THE NORTHWESTERN WATER & SEWER DISTRICT

In February 2006, the Village entered into an assignment and assumption agreement with the Northwestern Water and Sewer District (the District) to turn over the operation and ownership of its wastewater treatment plant, wastewater collection system and water distribution system to the District.

As a result of this agreement, the Water and Sewer Fund balances under the Enterprise Fund were transferred to the District. The Village sent out letters to the public of the water deposit refund. The Village kept the water deposits in the Enterprise Fund until the end of 2008, and transferred the unclaimed monies to the General Fund in 2008 in accordance with the agreement and the Ohio Revised Code.

7. DEBT

Debt outstanding at December 31, 2009 was as follows:

	Principal	Interest rate
Street Paving Loan-257675	\$24,461	3.85%

The Village applied for \$50,000 line of credit in 2007. The Village took out \$33,130 in 2008 and \$16,870 in 2009 to pay for the Street Paving Project. The Village made a principal payment of \$25,539 in May 2009.

**VILLAGE OF WESTON
WOOD COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008**

8. TRANSFERS

In 2008, the General Fund transferred \$2,500 to the Emergency Medical Service Fund and \$38,000 to Street Paving Project Fund. The Water and Sewer operations were turned over to the Northwestern Water and Sewer District as discussed in Note 6, and the Village returned the unclaimed money in the amount of \$14,732 to the General Fund through a fund transfer in compliance with the Ohio Revised Code and the agreement with the Northwestern Water and Sewer District.

In 2009, the General Fund transferred \$26,458 to Capital Project Fund to pay for principal and interest payment of the loan and transferred \$18,130 to Capital Project to pay for Street Paving Project. All transfers were made in accordance with the Ohio Revised Code.

9. RETIREMENT SYSTEM

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2008 and 2009, OPERS members contributed 10% of their wages while the Village contributed 14%. The Village has paid all contributions required through December 31, 2008 and 2009.

10. RISK MANAGEMENT

Risk Pool Membership

The Village belongs to the Public Entities Pool of Ohio ("PEP"), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty insurance 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 Insurance

For occurrences prior to January 1, 2006, PEP retains casualty risk up to \$250,000 per claim, including automobile 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 \$10,000,000 in aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$12,000,000, from General Reinsurance Corporation.

**VILLAGE OF WESTON
WOOD COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008**

10. RISK MANAGEMENT- (Continued)

For occurrences on or after January 1, 2006, PEP retains casualty risk up to \$350,000 per claim, including automobile loss adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$350,000, up to \$2,650,000 per claim and \$10,000,000 in aggregate per year. Governments can elect additional coverage, from \$3,000,000 to \$13,000,000, from General Reinsurance Corporation.

If losses exhaust PEP's retained earnings, APEEP covers PEP losses up to \$5,000,000 per year, subject to an annual aggregate of \$10,000,000.

Property Insurance

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600,000,000 per occurrence. APEEP reinsures members for a specific loss exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable value. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600,000,000 per occurrence limit. The aggregate loss limit for 2008 and 2007 were \$2,000,000 and \$2,014,547, respectively.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large aggregate and specific losses. These agreements permit recovery of a portion of its claims from reinsurers and a risk-sharing pool, although they do not discharge the Pool's primary liability for such payments. The Pool does not report reinsured risks as liabilities unless it is probable that those risks will not be covered by reinsurers or excess risk-sharing agreements. Premiums ceded to reinsurance carriers and the risk-sharing pool during the years ended December 31, 2008 and 2007 totaled \$3,110,836 and \$3,489,982, respectively, and the amounts deducted from claims and claim expense reserves as of December 31, 2008 and 2007 for reinsurance and excess risk-sharing agreements totaled approximately \$1,334,000 and \$3,522,000, respectively.

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 government.

Members may withdraw in each anniversary of the date they joined PEP. They must provide written notice to PEP 60 days in advance of their anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contribution, minus subsequent year's premium. Also, upon withdrawal, payments of all property and casualty claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the withdrawal.

**VILLAGE OF WESTON
WOOD COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2009 and 2008**

10. RISK MANAGEMENT- (Continued)

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, 2007 and 2008 (the latest information available):

	<u>2008</u>	<u>2007</u>
Assets	\$35,769,535	\$37,560,071
Liabilities	<u>(15,310,206)</u>	<u>(17,340,825)</u>
Retained Earnings	<u>\$20,459,329</u>	<u>\$20,219,246</u>

The casualty coverage assets and retained earnings above include approximately \$14.4 million of unpaid claims to be billed to approximately 445 member governments in the future, as of December 31, 2008. PEP will collect these amounts in the future annual premium billings when PEP's related liabilities are due for payment.

Settled claims have not exceeded this commercial coverage in any of the last three years. There have been significant reductions in insurance coverage from last year.

11. CONTINGENT LIABILITIES/SUBSEQUENT EVENTS

Management believes there are no pending claims or lawsuits.

12. BUDGETARY NONCOMPLIANCE

Contrary to Ohio Revised Code Section 5705.41(D), the Village had disbursements made prior to the encumbrance of funds. Also, contrary to Ohio Revised Code Section 5705.36(A)(2), the Village had various funds where actual receipts fell below estimated receipts and the deficiency reduced available resources below the current level of appropriation.

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

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

Village of Weston
Wood County
13234 Main Street
Weston, OH 43569

To the Members of Council:

We have audited the financial statements of Village of Weston, Wood County, Ohio (Village) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated April 8, 2010, wherein we noted the Village followed accounting practices prescribed or permitted by the Auditor of State of Ohio. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Controls Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions 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.

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 combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented or detected and timely corrected.

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

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 we must report under *Government Auditing Standards*, which are described in the accompanying schedule of findings as items 2009-Weston-001 and 2009-Weston-002.

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings. 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, the audit committee, Village Council and others within the Village. We intend it for no one other than these specified parties.

Charles E. Harris and Associates, Inc.

April 8, 2010

**VILLAGE OF WESTON
WOOD COUNTY
SCHEDULE OF FINDINGS
December 31, 2009 and 2008**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2009-Weston-001: Non-compliance Citation

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

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

1. **"Then and Now" Certificate** – If the fiscal officer can certify that both at the time the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for the payment of the amount due. The Village has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less that \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditure by the Village.

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

The Village did not properly certify the availability of funds for 37 of 75 non-payroll expenditures tested for the audit period. Failure to certify the availability of funds and encumber appropriations could result in overspending and negative cash balances.

**VILLAGE OF WESTON
WOOD COUNTY
SCHEDULE OF FINDINGS – (continued)
December 31, 2009 and 2008**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (continued)**

FINDING NUMBER 2009-Weston-001: Non-compliance Citation – (continued)

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

Management Response:

The Village Fiscal Officer will closely monitor purchasing activities and certify availability of funds before spending.

FINDING NUMBER 2009-Weston-002: Non-compliance Citation

Ohio Revised Code Section 5705.36(A)(2) allows all subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources. Ohio Revised Code Section 5705.36(A)(4) requires obtaining a reduced amended certificate if the amount of the deficiency will reduce available resources below the current level of appropriation.

In both 2009 and 2008, the Village had estimated receipts greater than actual receipts in the following funds to the extent by which the shortage of actual compared to estimated receipts reduced the total estimated resources to an amount lower than the appropriations.

2009			
Fund	Estimated Receipts	Actual Receipts	Variance
Capital Projects-CDBG Storm Sewer Project	\$ 99,750	\$ -	\$ (99,750)

2008			
Fund	Estimated Receipts	Actual Receipts	Variance
Capital Projects-Special Assessment	\$ 12,000	\$ 3,240	\$ (8,760)
Capital Projects-Street Paving Project	88,000	71,135	(16,865)

We recommend that the Fiscal Officer monitor the actual receipts status and amend appropriations as necessary to be in compliance with Ohio Revised Code regulations.

Management response:

Management will amend the certificate when estimated receipts exceed actual receipts if this will reduce the estimated resources below the appropriations.

VILLAGE OF WESTON
WOOD COUNTY, OHIO
For the Years Ended December 31, 2009 and 2008

SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING NUMBER	FUNDING SUMMARY	FULLY CORRECTED?	Not Corrected. Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2007-Weston-001	Ohio Revised Code section 5705.41(D), failure to certify funds	No	Reissued as finding number 2009-Weston-001
2007-Weston-002	Lack of procedures to determine the effectiveness and efficiency of internal controls over service organization contracts income tax service collection and EMS billing.	Yes	Finding no longer valid



Mary Taylor, CPA
Auditor of State

VILLAGE OF WESTON

WOOD COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 25, 2010**