

VILLAGE OF NEVADA
WYANDOT COUNTY
REPORT ON FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the Village of Nevada, Wyandot County, prepared by Holbrook & Manter, for the audit period January 1, 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 *Independent Auditors' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditors' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Nevada is responsible for compliance with these laws and regulations.

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Dave Yost
Auditor of State

June 20, 2011

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TABLE OF CONTENTS

	PAGE
Independent Auditors' Report.....	3-4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2009	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - Proprietary Fund Types - For the Year Ended December 31, 2009	6
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2008	7
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - Proprietary Fund Types - For the Year Ended December 31, 2008	8
Notes to the Financial Statements	9-16
Independent Accountants' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	17-18
Schedule of Findings.....	19-21
Schedule of Prior Year Audit Findings	22

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INDEPENDENT AUDITORS' REPORT

Village Council
Village of Nevada
Wyandot County

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

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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

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


Instead of the combined funds the accompanying financial statements present for 2009 and 2008, GAAP requires presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State of Ohio permits, but does not require, governments to reformat their statements. The Village has elected not to reformat its statements. Since 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 of Ohio permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 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 for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Nevada, Wyandot County, as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2011 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

The image shows a handwritten signature in black ink that reads "Shullbrook & Mantel". The signature is written in a cursive, flowing style.

Certified Public Accountants

May 31, 2011

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

	<u>Governmental Fund Types</u>			Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash receipts:-				
Local taxes	\$ 37,674	\$ 0	\$ 0	\$ 37,674
Intergovernmental	11,596	48,063	0	59,659
Fines, licenses, and permits	553	0	0	553
Earnings on investments	146	10	0	156
Miscellaneous	8,433	0	0	8,433
Total cash receipts	58,402	48,073	0	106,475
Cash disbursements:-				
Current:-				
Security of persons and property	6,713	0	0	6,713
Public health services	3,402	0	0	3,402
Leisure time activities	2,202	0	0	2,202
Community environment	275	0	0	275
Transportation	0	30,252	0	30,252
General government	40,008	0	0	40,008
Capital outlay	0	47,486	0	47,486
Debt service:				
Principal payments	2,397	0	31,451	33,848
Interest payments	0	0	52,113	52,113
Total cash disbursements	54,997	77,738	83,564	216,299
Total receipts over (under) cash disbursements	3,405	(29,665)	(83,564)	(109,824)
Other financing receipts (disbursements):-				
Transfers-in	0	0	85,320	85,320
Other financing sources	0	0	0	0
Total other financing receipts (disbursements)	0	0	85,320	85,320
Excess of cash receipts and other financing receipts over (under) cash disbursements and other financing disbursements	3,405	(29,665)	1,756	(24,504)
Fund cash balances, January 1, 2009	67,837	122,941	102,940	293,718
Fund cash balances, December 31, 2009	\$ 71,242	\$ 93,276	\$ 104,696	\$ 269,214
Reserve for encumbrance, December 31, 2009	\$ 0	\$ 0	\$ 0	\$ 0

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

**VILLAGE OF NEVADA
WYANDOT COUNTY**
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - PROPRIETARY FUND TYPE-
FOR THE YEAR ENDED DECEMBER 31, 2009

	Proprietary Fund Type
	Enterprise
OPERATING CASH RECEIPTS:-	
Charges for services	\$ 222,561
Earnings on investments	417
	222,978
Total operating cash receipts	222,978
OPERATING CASH DISBURSEMENTS:-	
Personal services	18,085
Contractual services	96,359
Supplies and materials	23,811
	138,255
Total operating cash disbursements	138,255
Operating income	84,723
NON-OPERATING CASH RECEIPTS:-	
Interest	1,400
	1,400
Total non-operating cash receipts	1,400
NON-OPERATING CASH DISBURSEMENTS:-	
Other non-operating expenses	1,799
	1,799
Total non-operating cash disbursements	1,799
Excess of receipts over (under) disbursements before interfund transfers	84,324
Transfers-in	0
Transfers-out	(85,320)
	(996)
Net receipts over (under) disbursements	(996)
Fund cash balances, January 1, 2009	122,169
Fund cash balances, December 31, 2009	\$ 121,173
Reserve for encumbrance, December 31, 2009	\$ 0

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

**VILLAGE OF NEVADA
WYANDOT COUNTY**
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES -
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Governmental Fund Types</u>			Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash receipts:-				
Local taxes	\$ 18,882	\$ 0	\$ 0	\$ 18,882
Intergovernmental	13,406	51,033	0	64,439
Fines, licenses, and permits	195	0	0	195
Earnings on investments	2,238	160	0	2,398
Miscellaneous	599	0	0	599
Total cash receipts	<u>35,320</u>	<u>51,193</u>	<u>0</u>	<u>86,513</u>
Cash disbursements:-				
Current:-				
Security of persons and property	6,210	0	0	6,210
Public health services	2,250	0	0	2,250
Leisure time activities	1,031	0	0	1,031
Community environment	229	0	0	229
Transportation	0	25,760	0	25,760
General government	35,783	0	0	35,783
Capital outlay	0	36,876	0	36,876
Debt service:				
Principal payments	4,795	0	29,695	34,490
Interest payments	0	0	53,648	53,648
Total cash disbursements	<u>50,298</u>	<u>62,636</u>	<u>83,343</u>	<u>196,277</u>
Total receipts over (under) cash disbursements	(14,978)	(11,443)	(83,343)	(109,764)
Other financing receipts (disbursements):-				
Transfers-in	0	0	85,320	85,320
Other financing sources	13,148	0	0	13,148
Total other financing receipts (disbursements)	<u>13,148</u>	<u>0</u>	<u>85,320</u>	<u>98,468</u>
Excess of cash receipts and other financing receipts over (under) cash disbursements and other financing disbursements	(1,830)	(11,443)	1,977	(11,296)
Fund cash balances, January 1, 2008	<u>69,667</u>	<u>134,384</u>	<u>100,963</u>	<u>305,014</u>
Fund cash balances, December 31, 2008	<u>\$ 67,837</u>	<u>\$ 122,941</u>	<u>\$ 102,940</u>	<u>\$ 293,718</u>
Reserve for encumbrance, December 31, 2008	<u>\$ 3,766</u>	<u>\$ 11,274</u>	<u>\$ 0</u>	<u>\$ 15,040</u>

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

**VILLAGE OF NEVADA
WYANDOT COUNTY**
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN
FUND CASH BALANCES - PROPRIETARY FUND TYPE-
FOR THE YEAR ENDED DECEMBER 31, 2008

	Proprietary Fund Type
	Enterprise
OPERATING CASH RECEIPTS:-	
Charges for services	\$ 226,899
Earnings on investments	5,633
	232,532
Total operating cash receipts	232,532
OPERATING CASH DISBURSEMENTS:-	
Personal services	15,999
Contractual services	88,430
Supplies and materials	27,936
	132,365
Total operating cash disbursements	132,365
Operating income	100,167
NON-OPERATING CASH RECEIPTS:-	
Interest	1,600
	1,600
Total non-operating cash receipts	1,600
NON-OPERATING CASH DISBURSEMENTS:-	
Other non-operating expenses	2,110
	2,110
Total non-operating cash disbursements	2,110
Excess of receipts over (under) disbursements before interfund transfers	99,657
Transfers-in	0
Transfers-out	(85,320)
	14,337
Net receipts over (under) disbursements	14,337
Fund cash balances, January 1, 2008	107,832
Fund cash balances, December 31, 2008	\$ 122,169
Reserve for encumbrance, December 31, 2008	\$ 3,911

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

**VILLAGE OF NEVADA
WYANDOT COUNTY**
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:-

- A. **Description of the Entity** - The Village of Nevada, Wyandot County, Ohio, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including water and sewer utilities and park operations. Wyandot County Sheriff's department provides security of persons and property to the Village and Wyandot East Fire District provides fire protection to the Village.

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

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

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

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

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

General Fund

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

Special Revenue Funds

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

Street Construction, Maintenance and Repair Fund

This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

**VILLAGE OF NEVADA
WYANDOT COUNTY**
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

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

Debt Service Funds

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

Water Debt Fund

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

Sewer Debt Fund

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

Sewer Debt Reserve Fund

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

Enterprise Funds

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

Water Fund

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

Sewer Fund

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

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

Appropriations

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

Estimated Resources

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

Encumbrances

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

A summary of 2009 and 2008 budgetary activity appears in Note 3.

- F. Property, Plant and Equipment** - Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

VILLAGE OF NEVADA
WYANDOT COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

NOTE 2 - EQUITY IN POOLED CASH AND INVESTMENTS:-

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

	<u>2009</u>	<u>2008</u>
Demand deposits	\$ <u>390,387</u>	\$ <u>415,887</u>

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

**VILLAGE OF NEVADA
 WYANDOT COUNTY
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2009 AND 2008**

NOTE 3 - BUDGETARY ACTIVITY :-

Budgetary activity for the year ending December 31, 2009 was as follows:

2009 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 54,030	\$ 58,402	\$ 4,372
Special revenue	90,000	48,073	(41,927)
Debt service	83,000	85,320	2,320
Proprietary	<u>401,000</u>	<u>224,378</u>	<u>(176,622)</u>
Total	\$ <u>628,030</u>	\$ <u>416,173</u>	\$ <u>(211,857)</u>

2009 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 95,050	\$ 54,997	\$ 40,053
Special revenue	159,800	77,738	82,062
Debt service	84,000	83,564	436
Proprietary	<u>336,000</u>	<u>225,374</u>	<u>110,626</u>
Total	\$ <u>674,850</u>	\$ <u>441,673</u>	\$ <u>233,177</u>

Contrary to Ohio law, actual receipts were less than estimated resources during 2009 in the Special Revenue Funds by \$41,927 and in the Proprietary Funds by \$176,622.

VILLAGE OF NEVADA
WYANDOT COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008

NOTE 3 - BUDGETARY ACTIVITY :- (continued)

Budgetary activity for the year ending December 31, 2008 was as follows:

2008 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 43,600	\$ 48,468	\$ 4,868
Special Revenue	42,600	51,193	8,593
Debt Service	85,000	85,320	320
Proprietary	<u>220,500</u>	<u>234,132</u>	<u>13,632</u>
Total	\$ <u>391,700</u>	\$ <u>419,113</u>	\$ <u>27,413</u>

2008 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 105,245	\$ 54,064	\$ 51,181
Special Revenue	160,700	73,910	86,790
Debt Service	92,900	83,343	9,557
Proprietary	<u>325,800</u>	<u>223,706</u>	<u>102,094</u>
Total	\$ <u>684,645</u>	\$ <u>435,023</u>	\$ <u>249,622</u>

**VILLAGE OF NEVADA
 WYANDOT COUNTY
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2009 AND 2008**

NOTE 4 - PROPERTY TAX:-

Real property taxes become a lien on January 1, preceding the October 1 date for which rates are adopted by the Village Council. The State Council of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

Tangible personal property tax is being phased out.

NOTE 5 - DEBT:-

Debt outstanding at December 31, 2009 was as follows:

	Rate	Principal Balance 12/31/2009
Ohio Water Development Authority Loan	5.50%	\$ 183,615
Ohio Public Works Commission	0.00%	83,913
USDA Sewer System Bond	4.50%	899,000
		\$ 1,166,528

During 1999, the Village entered into a loan agreement with the Ohio Water Development Authority (OWDA) for a water line project and plant expansion update that was mandated by the Ohio Environmental Protection Agency. The original amount of the loan was \$300,000. The loan will be repaid in semiannual installments of \$12,672, including interest over 20 years and has a fixed interest rate of 5.50%. Payments on the outstanding balance began in 2000 and the final installment will be due July 1, 2019. The loan is collateralized by water and sewer receipts and the Village has agreed to set utility rates sufficient to cover OWDA debt service requirements. As of December 31, 2009, the total outstanding balance was \$183,615.

During 1995, a Sewer System First Mortgage Revenue Bond related to the construction of the Village sewer system and wastewater treatment plant was issued. The original amount of the bond was \$1,050,000 and will be repaid in annual installments over 40 years as set forth within the amortization schedule and has a fixed interest rate of 0%. The final payment will be due May 1, 2036. The bonds are secured by an Indenture of Mortgage on the properties of the Utility. As of December 31, 2009, the total outstanding balance was \$899,000.

As required by the Sewer System Bond covenant, the Village has established and funded a sewer debt service fund, included as a debt service fund. The balance in the fund at December 31, 2009 is \$45,230. In addition, during March of 2007, the Village established the required sewer debt reserve fund. The balance in the reserve fund at December 31, 2009 is \$58,860.

During 2006, the Village entered into a loan agreement with the Ohio Public Works Commission (OPWC) for South Side storm sewer improvements. The original amount of the loan was \$95,900. The loan will be repaid in semiannual installments of \$2,398 over 20 years. Payments on the outstanding balance began in 2007 and the final installment will be due January 1, 2027. As of December 31, 2009, the total outstanding balance was \$83,913.

**VILLAGE OF NEVADA
WYANDOT COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

NOTE 5 - DEBT:- (continued)

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

<u>Year ending December 31,</u>	<u>USDA</u>		<u>OPWC Loan</u>		<u>OWDA Loan</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 18,000	\$ 41,445	\$ 4,796	\$ 0	\$ 14,837	\$ 10,507	\$ 37,633	\$ 51,952
2011	19,000	39,645	4,796	0	15,652	9,690	39,448	49,335
2012	19,000	38,790	4,796	0	16,514	8,830	40,310	47,620
2013	20,000	37,935	4,796	0	17,901	7,443	42,697	45,378
2014	21,000	37,035	4,796	0	18,886	6,458	44,682	43,493
2015 - 2019	120,000	170,100	23,980	0	99,825	15,514	243,805	185,614
2020 - 2024	151,000	140,400	23,980	0	0	0	174,980	140,400
2025 & there after	531,000	167,985	11,973	0	0	0	542,973	167,985
	<u>\$ 899,000</u>	<u>\$ 673,335</u>	<u>\$ 83,913</u>	<u>\$ 0</u>	<u>\$ 183,615</u>	<u>\$ 58,442</u>	<u>\$ 1,166,528</u>	<u>\$ 731,777</u>

NOTE 6 - RETIREMENT SYSTEMS:-

The Village's full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants, as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2009 and 2008, PERS members contributed 10% of their gross salaries. The Village contributed an amount equal to 14% of participants' gross salaries for 2009 and 2008. The Village has paid all contributions required through December 31, 2009.

During 2008 and 2009, a few of the Village Council members and Board of Public Affairs members elected to belong to Social Security. The Village's liability is 6.2% of wages.

NOTE 7 - RISK MANAGEMENT:-

The Village belongs to the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio. These coverage programs, referred to as Ohio Plan Risk management ("OPRM"), are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retain 15% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had over 650 members as of December 31, 2008. The Government does not participate in this coverage.

**VILLAGE OF NEVADA
 WYANDOT COUNTY
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2009 AND 2008**

NOTE 7 - RISK MANAGEMENT:- (continued)

In August 2007, OGRMP formed the Ohio Plan Healthcare Consortium (“OPHC”), as authorized by Section 9.833 of the Ohio Revised Code. The OPHC was established to provide cost effective employee benefit programs for Ohio political sub-divisions and is a self-funded, group purchasing consortium that offers medical, dental, vision and prescription drug coverage as well as life insurance for its members. The OPHC is sold through seventeen appointed independent agents in the State of Ohio. Coverage programs are developed specific to each member’s healthcare needs and the related premiums for coverage are determined through the application of uniform underwriting criteria. Variable plan options are available to members. These plans vary primarily by deductibles, coinsurance levels, office visit co-pays and out-of-pocket maximums. OPHC had 40 members as of December 31, 2008. The Government does not participate in this coverage.

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

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

The Pool’s audited financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Assets	\$ 11,176,186	\$ 10,471,114
Liabilities	(4,852,485)	(5,286,781)
Members Equity	<u>\$ 6,323,701</u>	<u>\$ 5,184,333</u>

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan’s website, www.ohioplan.org.

Subsequent to year end, the Village received a notification from the Ohio Government Risk Management Plan that in accordance with the terms and conditions of the above mentioned policy, the coverage will expire as of July 1, 2011 and will not be renewed. Management is pursuing other insurance coverage options for the Village.



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

Village Council
Village of Nevada
Wyandot County

We have audited the financial statements of the Village of Nevada, Wyandot County, (the Village) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated May 31, 2011, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Nevada's internal control over financial reporting as a basis for designing our auditing procedures for 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 do not express an opinion on the effectiveness of the Village of Nevada'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 a combination of deficiencies in internal control such that there is a reasonable possibility that a material financial statement misstatement will not be prevented, or detected and timely corrected.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings that we consider to be significant deficiencies in internal control over financial reporting as items 2009-001 and 2009-004. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

We did note certain internal control matters that we reported to the Village's management in a separate letter dated May 31, 2011.

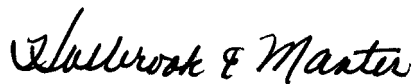
Compliance and Other Matters

As part of reasonably assuring whether the Village of Nevada'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 have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2009-002, 2009-003, 2009-004 and 2009-005.

We also noted certain noncompliance or other matters that we reported to management of the Village, in a separate letter dated May 31, 2011.

The Village of Nevada's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Village of Nevada'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 of Ohio and is not intended to be and should not be used by anyone other than these specified parties.



Certified Public Accountants

May 31, 2011

**VILLAGE OF NEVADA
WYANDOT COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008**

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

Finding Number	2009-001
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Significant Deficiency - Internal Control and Review Procedures

Although certain Finance Committee Members receive and review a select number of reports from the Clerk of the Village for approval on a monthly basis, the Village has not established formal procedures to reasonably assure completeness and accuracy of the monthly reporting. During our testing and analysis, we noted that the Village Council or the Finance Committee Members are not reviewing the numerical check sequence associated with the sequential date of the checks or the payees that are recorded within the accounting software compared to who the actual checks are written to prior to signing the checks. In addition, they are not reviewing the bank statement for proper inclusion of authorized expenditures within the electronic fund withdraws.

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

Officials' Response

The Village's Clerk will consider providing additional reports including a list of checks monthly to the Finance Committee for their review and signatures.

Finding Number	2009-002
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Noncompliance Citation – Amending Certificates of Estimated Resources

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

During our compliance testing, we noted that the Village did not amend estimated resources as outlined above for 2009. We recommend that the Clerk monitor estimated resources throughout the year and obtain amendments from the county budget commission as necessary.

Officials' Response

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

**VILLAGE OF NEVADA
WYANDOT COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (continued)
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Finding Number	2009-003
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Noncompliance Citation – Prior Certification of Expenditures

Ohio Revised Code, Section 5705.41 (D) requires that no orders or contracts involving the expenditures of monies are to be made unless there is a certificate of the clerk that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

It was noted during the audit that expenditures by the Village were not certified in a timely manner.

Without timely certification, the Village may expend more funds than available in the treasury, in the process of collection or than funds appropriated.

We recommend that the Village implement a policy and procedure for contracts involving the expenditure of money be timely certified to insure all monies expended are lawfully appropriated and available in the treasury or in the process of collection. The Village should issue approved purchase orders and consider using blanket and super blanket purchase orders and/or “Then and Now” certificates where applicable.

Officials’ Response

Village officials are aware of the above issue and are working to correct it.

Finding Number	2009-004
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Significant Deficiency- Noncompliance Citation – Federal, State, and Local Payroll Taxes

The Internal Revenue Code (IRC), Chapter 26, requires the employing government to withhold federal, state, and local income and employment-related taxes. They also require the government to report those tax matters to the appropriate tax authorities and to the recipients.

It was noted during the audit that independent contractors who were paid \$600 or more during 2009 or 2008 by the Village were not issued a 1099-Misc as required.

Also during our payroll testing, we noted that certain tax forms and retirement reports are not being properly completed. Inappropriate completion of these forms could result in improper amounts being withheld and paid by the employee and or the Village. The majority of the issues noted were due to the manual calculation of payroll deductions.

We recommend that these forms be reviewed more closely by the Village to make sure the proper amounts are being withheld and paid to the various entities such as the Internal Revenue Service, the Treasurer of State, and the Ohio Public Employees Retirement System and the forms are being properly completed each year. We also recommend that the Village invest in a computerized payroll program or consider outsourcing this need to help eliminate errors in the calculation of deductions and the payments made to the respective entities.

Officials’ Response

The Village Clerk is aware of this issue and will take the necessary steps to complete the necessary tax forms moving forward.

VILLAGE OF NEVADA
WYANDOT COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008

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

Finding Number	2009-005
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Noncompliance Citation – Public Records Policy

Every public office must have a policy in place—for compliance with Public Records Laws. There are three specific items that public offices cannot have in their public records policies. They policy cannot: (1) limit the number of public records it will make available to a single person; (2) limit the number of public records it will make available during a fixed period of time; or (3) establish a fixed period of time before it will respond to a request for inspection/copying of public records unless that period is less than eight hours.

By September 29, 2007, all public offices were required to create a poster describing its public records policy. In addition, the public office is required to post the poster in a conspicuous place in the public office and in all locations where the public office has branch offices. Finally, if the public office has an employee policies and procedures manual or handbook, it is required that the public records policy be included in such manual or handbook.

Pursuant to Ohio Rev. Code 149.43(B)(2), the entity shall have available a copy of its current records retention schedule at a location readily available to the public. Any application or schedule for the destruction of records must be sent to the Ohio Historical Society for review to determine whether any of the records are of historical value [Ohio Rev. Code §149.39] Once reviewed by the Ohio Historical Society, the applications are then forwarded to the Ohio Auditor of State's Office for final approval. A model policy is available at www.ohioattorneygeneral.gov/files/Forms/Forms-for-Government.

During our compliance testing it was noted that the Village had not implemented a public records policy or a records retention policy until 2010. We also noted that subsequent to year end, the Village was not adhering to the public records policy set forth by Council. We recommend that the necessary steps be taken to adopt formal procedures to adhere to the policies set forth by Council.

Officials' Response

Subsequent to year end, the Village took the necessary steps to approve a standard records retention policy and are in the process of taking the steps moving forward to properly implement the policy to the fullest extent and to adhere to the policy they set moving forward.

**VILLAGE OF NEVADA
 WYANDOT COUNTY
 SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
 FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2007-001	Significant Deficiency - Internal Control and Review Procedures.	No	Repeated as finding 2009-001.
2007-002	ORC 5705.36 - Amending Certificates of Estimated Resources.	No	Repeated as finding 2009-002.
2007-003	ORC 5705.39 - Appropriations Exceeding Estimated Resources.	Yes	Finding No longer Valid.



Dave Yost • Auditor of State

VILLAGE OF NEVADA

WYANDOT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JUNE 30, 2011