



Dave Yost • Auditor of State



VILLAGE OF WREN  
VAN WERT COUNTY

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Village of Wren  
Van Wert County  
Post Office Box 275  
Wren, Ohio 45889

To the Village Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements and related notes of the Village of Wren, Van Wert County, (the Village) as of and for the years ended December 31, 2014 and 2013.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

### ***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis permitted is in the *Qualified Opinion on Regulatory Basis of Accounting* paragraph below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2014 and 2013, or changes in financial position thereof for the years then ended.

***Basis for Qualified Opinion on Regulatory Basis of Accounting***

General Fund Miscellaneous Revenues are reported at \$11,891 for the year ended December 31, 2013 which is 31 percent of General Fund receipts for the year ended December 31, 2013. We were unable to obtain sufficient appropriate audit evidence to support \$3,520 of the amounts recorded as General Fund Miscellaneous Revenue. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

***Qualified Opinion on Regulatory Basis of Accounting***

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* paragraph, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Wren, Van Wert County, as of December 31, 2014 and 2013, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2015, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

June 23, 2015

**VILLAGE OF WREN  
VAN WERT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$11,094	\$2,359		\$13,453
Intergovernmental	15,062	43,886		58,948
Special Assessments		6,275		6,275
Charges for Services	259	33,340		33,599
Fines, Licenses and Permits	900			900
Earnings on Investments	19			19
Miscellaneous	5,713	9,308		15,021
Total Cash Receipts	<u>33,047</u>	<u>95,168</u>		<u>128,215</u>
<b>Cash Disbursements:</b>				
<b>Current:</b>				
Security of Persons and Property		71,938		71,938
Public Health Services	2,000			2,000
Transportation		12,234		12,234
General Government	30,609	4,552		35,161
<b>Debt Service:</b>				
Principal Retirement		12,009		12,009
Interest and Fiscal Charges		3,874		3,874
Total Cash Disbursements	<u>32,609</u>	<u>104,607</u>		<u>137,216</u>
Excess of Receipts Over (Under) Disbursements	<u>438</u>	<u>(9,439)</u>		<u>(9,001)</u>
<b>Other Financing Receipts (Disbursements):</b>				
Other Financing Uses	<u>(1,200)</u>			<u>(1,200)</u>
Total Other Financing Receipts (Disbursements)	<u>(1,200)</u>			<u>(1,200)</u>
Net Change in Fund Cash Balances	(762)	(9,439)		(10,201)
Fund Cash Balances, January 1	<u>3,417</u>	<u>178,145</u>	<u>\$13,360</u>	<u>194,922</u>
<b>Fund Cash Balances, December 31:</b>				
Restricted		168,706		168,706
Committed			13,360	13,360
Unassigned (Deficit)	2,655			2,655
Fund Cash Balances, December 31	<u>\$2,655</u>	<u>\$168,706</u>	<u>\$13,360</u>	<u>\$184,721</u>

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

**VILLAGE OF WREN  
VAN WERT COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$10,509	\$2,336		\$12,845
Intergovernmental	14,758	121,794		136,552
Special Assessments		6,214		6,214
Charges for Services	1,009	48,115		49,124
Earnings on Investments	18			18
Miscellaneous	11,891	15,828		27,719
Total Cash Receipts	<u>38,185</u>	<u>194,287</u>		<u>232,472</u>
<b>Cash Disbursements:</b>				
<b>Current:</b>				
Security of Persons and Property		150,402		150,402
Public Health Services	1,759			1,759
Transportation		3,524		3,524
General Government	30,571	5,351		35,922
Capital Outlay		164		164
<b>Debt Service:</b>				
Principal Retirement		11,587		11,587
Interest and Fiscal Charges		4,300		4,300
Total Cash Disbursements	<u>32,330</u>	<u>175,328</u>		<u>207,658</u>
Excess of Receipts Over (Under) Disbursements	<u>5,855</u>	<u>18,959</u>		<u>24,814</u>
<b>Other Financing Receipts (Disbursements):</b>				
Other Financing Uses	(1,269)	(5,926)		(7,195)
Total Other Financing Receipts (Disbursements)	<u>(1,269)</u>	<u>(5,926)</u>		<u>(7,195)</u>
Net Change in Fund Cash Balances	4,586	13,033		17,619
Fund Cash Balances, January 1	<u>(1,169)</u>	<u>165,112</u>	<u>\$13,360</u>	<u>177,303</u>
<b>Fund Cash Balances, December 31:</b>				
Restricted		178,145		178,145
Committed			13,360	13,360
Assigned	1,953			1,953
Unassigned (Deficit)	1,464			1,464
Fund Cash Balances, December 31	<u>\$3,417</u>	<u>\$178,145</u>	<u>\$13,360</u>	<u>\$194,922</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  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Wren, Van Wert County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides street light services, park operations, street maintenance, and fire/EMS services with volunteer departments.

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

**B. Accounting Basis**

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**C. Deposits and Investments**

The Village values deposit accounts 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 accounts for and reports all financial resources not accounted for and reported in another fund.

**2. Special Revenue Funds**

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. 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.

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

VILLAGE OF WREN  
VAN WERT COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013  
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Capital Projects Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project fund:

**Fire Truck Fund** - This fund receives fire department contributions and is committed to the purpose of paying a balloon payment for the fire truck loan due in 2017.

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. The Village Council must annually approve appropriation measures and subsequent amendments. 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 approve estimated resources.

3. Encumbrances

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

A summary of 2014 and 2013 budgetary activity appears in Note 3.

F. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Non-spendable

The Village classifies assets as *non-spendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

VILLAGE OF WREN  
VAN WERT COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013  
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Committed

Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. Property, Plant, and Equipment

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

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

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

	<u>2014</u>	<u>2013</u>
Demand deposits	\$184,721	\$194,922
Total deposits and investments	<u>\$184,721</u>	<u>\$194,922</u>

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation.

**VILLAGE OF WREN  
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2014 and 2013 follows:

**2014 Budgeted vs. Actual Receipts**

<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$35,704	\$33,047	(\$2,657)
Special Revenue	322,454	95,168	(227,286)
Capital Projects	13,860	0	(13,860)
Total	<u>\$372,018</u>	<u>\$128,215</u>	<u>(\$243,803)</u>

**2014 Budgeted vs. Actual Budgetary Basis Expenditures**

<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$35,440	\$33,809	\$1,631
Special Revenue	213,430	104,607	108,823
Capital Projects	1,000	0	1,000
Total	<u>\$249,870</u>	<u>\$138,416</u>	<u>\$111,454</u>

**2013 Budgeted vs. Actual Receipts**

<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$43,282	\$38,185	(\$5,097)
Special Revenue	357,700	194,287	(163,413)
Capital Projects	13,376	0	(13,376)
Total	<u>\$414,358</u>	<u>\$232,472</u>	<u>(\$181,886)</u>

**2013 Budgeted vs. Actual Budgetary Basis Expenditures**

<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$40,662	\$33,599	\$7,063
Special Revenue	279,328	181,254	98,074
Capital Projects	1,000	0	1,000
Total	<u>\$320,990</u>	<u>\$214,853</u>	<u>\$106,137</u>

**4. PROPERTY TAX**

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

Public utilities are also taxed on personal and real property located within the Village.

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

**VILLAGE OF WREN  
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013  
(Continued)**

**5. DEBT**

Debt outstanding at December 31, 2014 was as follows:

	<b>Principal</b>	<b>Interest Rate</b>
2007 OPWC Loan - Jackson Street	\$22,978	0%
2002 Fire Truck BAN	46,746	5.82%
2012 Fire Truck Loan	26,589	2.90%
Total	\$96,313	

The Ohio Public Works Commission loan relates to the costs of the Jackson Street Project. The principal sum of \$35,350 is to be paid off in bi-annual installments of \$884 over a term of 20 years. The full faith, credit, and revenue of the Village are pledged for the repayment of this debt.

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

The Loan was issued for the purchase of a Fire Truck in March 2012. 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 \$40,000 is to be paid off in bi-annual installment payments over 7 years.

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

<b>Year ending December 31:</b>	<b>OPWC Loan</b>	<b>Fire Truck BAN</b>	<b>Fire Truck Loan</b>
2015	\$1,768	\$7,770	\$6,374
2016	1,767	7,770	6,378
2017	1,768	38,423	6,381
2018	1,767		6,385
2019	1,768		3,195
2020-2024	8,838		
2025-2027	5,302		
Total	\$22,978	\$53,963	\$28,713

**6. RETIREMENT SYSTEMS**

The Village of Wren has three regular part-time employees that belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2014 and 2013, OPERS member contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2014.

**VILLAGE OF WREN  
VAN WERT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013  
(Continued)**

**7. RISK MANAGEMENT**

**A. Commercial Insurance**

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

**B. Risk Pool Membership**

The Village belongs to Ohio Plan Risk Management, Inc. (OPRM) – formerly known as the Ohio Government Risk Management (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.

OPRM coverage programs 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 retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 (and through October 2014), the Plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan’s property retention remained unchanged from prior years. The change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 and 767 members as of December 31, 2013 and 2012 respectively.

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

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

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2012 and 2013 (the latest information available).

	<u>2013</u>	<u>2012</u>
Assets	\$13,774,304	\$13,100,381
Liabilities	(\$7,968,395)	(\$6,687,193)
Members' Equity	<u>5,805,909</u>	<u>6,413,188</u>

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



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Village of Wren  
Van Wert County  
Post Office Box 275  
Wren, Ohio 45889

To the Village Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Village of Wren, Van Wert County, (the Village) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, and have issued our report thereon dated June 23, 2015 wherein we noted that the Village followed financial reporting provisions that Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit. We also did qualify our opinion on Miscellaneous Revenue in the General Fund opinion unit for the year ended December 31, 2013 because we were unable to obtain sufficient appropriate audit evidence supporting \$3,520 of the amounts reported as Miscellaneous Revenue.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

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

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 internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. 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 consider finding 2014-001 to be a material weakness.

***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, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2014-001.

***Village's Response to Findings***

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

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

June 23, 2015

VILLAGE OF WREN  
VAN WERT COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2014 AND 2013

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

FINDING NUMBER 2014-001

**2013 Gun Raffle Revenue – Noncompliance/Material Weakness**

**Ohio Rev. Code §2915.092(A)(1)** states that subject to division (A)(2) of this section, a charitable organization, a public school, a chartered nonpublic school, a community school, or a veteran's organization, fraternal organization, or sporting organization that is exempt from federal income taxation under subsection 501(a) and is described in subsection 501(c)(3), 501(c)(4), 501(c)(7), 501(c)(8), 501(c)(10), or 501(c)(19) of the Internal Revenue Code may conduct a raffle to raise money for the organization or school and does not need a license to conduct bingo in order to conduct a raffle drawing that is not for profit.

**Section 2915.092(A)(2)** provides that if a charitable organization that is described in division (A)(1) of this section, but that is not also described in subsection 501(c)(3) of the Internal Revenue Code, conducts a raffle, the charitable organization shall distribute at least fifty per cent of the net profit from the raffle to a charitable purpose described in division (V) of section 2915.01 of the Revised Code or to a department or agency of the federal government, the state, or any political subdivision.

**Section 2915.092(B)** provides that except as provided in division (A) or (B) of this section, no person shall conduct a raffle drawing that is for profit or a raffle drawing that is not for profit.

The Village does not meet either of the conditions described in sections A or B above and, therefore was not permitted to conduct a raffle drawing for profit or not for profit. The Village conducted a gun raffle during 2013 and the net profits of the gun raffle were recorded in the General Fund as Miscellaneous Revenues. The total net profit recorded in the Village's records as Miscellaneous Revenues was \$3,520 or 9.2% of the total General Fund revenues. A total of \$3,020 of these profits was received as cash payments and \$500 was received in the form of a check. A total of \$1,600 in expenses for the gun raffle was subtracted from the total gross profits, but no support was available to support the amount of the expenditure. The expenditure was also not recorded in the Village's records as an expense and the Miscellaneous Revenue was also understated by this amount.

The lack of adequate supporting documentation and the fact that the gun raffle was not a permissible way to raise funds for a Village resulted in a qualification of the opinion in relation to the 2013 General Fund Miscellaneous Revenue and has resulted in the inability to determine the fair presentation of this revenue line item on the current financial statements.

Raising money by a gun raffle is a violation of the Ohio Revised Code and resulted in the illegal collection of raffle money.

The Village should ensure that gun raffles are not held and sponsored by the Village.

This issue has been referred to the Ohio Attorney General – Charitable Law Section.

**Officials' Response:** The Wren Village officials work tirelessly to run our entity with professionalism and integrity. We have been informed the gun raffle that was ran outside the village is an issue. We obtained permission from our village solicitor and proceeded to accept the funds raised from the volunteer organization.

**VILLAGE OF WREN  
VAN WERT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2014 AND 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2012-001	Material Weakness – Miscellaneous Revenue Supporting Documentation	No	Repeated as Finding 2014-001
2012-002	Material Weakness – Financial Reporting	Yes	



# Dave Yost • Auditor of State

VILLAGE OF WREN

VAN WERT COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
JULY 30, 2015