

VILLAGE OF WAYNE LAKES
DAYTON REGION, DARKE COUNTY
REGULAR AUDIT
JANUARY 1, 1999 – DECEMBER 31, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490
www.auditor.state.oh.us

Members of Council
Village of Wayne Lakes
100 Community Drive
Greenville, OH 45331

We have reviewed the independent auditor's report of the Village of Wayne Lakes, Darke County, prepared by Vanderhorst & Manning, for the audit period January 1, 1999 through December 31, 2000. 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.

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 Wayne Lakes is responsible for compliance with these laws and regulations.

JIM PETRO
Auditor of State

July 5, 2001

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**VILLAGE OF WAYNE LAKES
DARKE COUNTY**

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**VANDERHORST & MANNING CPAs, LLC
6105 NORTH DIXIE DRIVE
DAYTON, OHIO**

REPORT OF INDEPENDENT ACCOUNTANTS

Village Council
Village of Wayne Lakes
100 Community Drive
Wayne Lakes, Ohio 45331

We have audited the accompanying financial statements of the Village of Wayne Lakes, Darke County, Ohio (the Village), as of and for the years ended December 31, 2000 and 1999. 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 generally accepted auditing standards 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 audit 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 audit provides a reasonable basis for our opinion.

As described Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Wayne Lakes, Darke County, as of December 31, 2000 and 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

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Village Council
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Report of Independent Accountants

In accordance with *Government Auditing Standards* we have also issued our report dated June 26, 2001 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the management, Village Council and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Vanderhorst & Manning CPAs, LLC
Dayton, Ohio

June 26, 2001

**VILLAGE OF WAYNE LAKES
DARKE COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Debt Service	
Cash Receipts:				
Taxes	\$ 29,653	\$ 3,623	\$ 44,027	\$ 77,303
Intergovernmental Receipts	47,357	19,890	13,288	80,535
Charges for Services	10,067	0	0	10,067
Fines, Licenses and Permits	8,886	0	0	8,886
Miscellaneous	8,633	2,001	88	10,722
Total Cash Receipts	<u>104,596</u>	<u>25,514</u>	<u>57,403</u>	<u>187,513</u>
Cash Disbursements:				
Current:				
Security of Person and Property	1,548	0	0	1,548
Public Health	2,508	0	0	2,508
Leisure Time Activities	21,033	0	0	21,033
Community Environment	37,294	0	0	37,294
Basic Utility Services	4,440	0	0	4,440
Transportation	0	36,740	0	36,740
General Government	40,155	0	0	40,155
Debt Service	0	0	65,365	65,365
Total Cash Disbursements	<u>106,978</u>	<u>36,740</u>	<u>65,365</u>	<u>209,083</u>
Total Receipts Over/(Under) Disbursements	<u>(2,382)</u>	<u>(11,226)</u>	<u>(7,962)</u>	<u>(21,570)</u>
Other Financing Receipts/(Disbursements):				
Sale of Fixed Asset	3,000	0	0	3,000
Total Other Financing Receipts/(Disbursements)	<u>3,000</u>	<u>0</u>	<u>0</u>	<u>3,000</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>618</u>	<u>(11,226)</u>	<u>(7,962)</u>	<u>(18,570)</u>
Fund Cash Balances, January 1, 2000	<u>48,642</u>	<u>37,682</u>	<u>47,313</u>	<u>133,637</u>
Fund Cash Balances, December 31, 2000	<u>\$ 49,260</u>	<u>\$ 26,456</u>	<u>\$ 39,351</u>	<u>\$ 115,067</u>

The Notes to the Financial Statements are an integral part of this statement.

**VILLAGE OF WAYNE LAKES
DARKE COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Debt Service	
Cash Receipts:				
Taxes	\$ 35,828	\$ 3,541	\$ 49,522	\$ 88,891
Intergovernmental Receipts	28,061	19,267	7,323	54,651
Charges for Services	9,766	0	0	9,766
Fines, Licenses and Permits	11,214	0	0	11,214
Miscellaneous	5,132	1,114	4,089	10,335
Total Cash Receipts	<u>90,001</u>	<u>23,922</u>	<u>60,934</u>	<u>174,857</u>
Cash Disbursements:				
Current:				
Security of Person and Property	2,051	0	0	2,051
Public Health	2,392	0	0	2,392
Leisure Time Activities	16,112	0	0	16,112
Community Environment	11,282	0	0	11,282
Basic Utility Services	3,840	0	0	3,840
Transportation	0	0	0	0
General Government	30,133	25,456	0	55,589
Debt Service	0	0	777,393	777,393
Total Cash Disbursements	<u>65,810</u>	<u>25,456</u>	<u>777,393</u>	<u>868,659</u>
Total Receipts Over/(Under) Disbursements	<u>24,191</u>	<u>(1,534)</u>	<u>(716,459)</u>	<u>(693,802)</u>
Other Financing Receipts/(Disbursements):				
Sale of Bonds	0	0	710,000	710,000
Total Other Financing Receipts/(Disbursements)	<u>0</u>	<u>0</u>	<u>710,000</u>	<u>710,000</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>24,191</u>	<u>(1,534)</u>	<u>(6,459)</u>	<u>16,198</u>
Fund Cash Balances, January 1, 1999	<u>24,451</u>	<u>39,216</u>	<u>53,772</u>	<u>117,439</u>
Fund Cash Balances, December 31, 1999	<u>\$ 48,642</u>	<u>\$ 37,682</u>	<u>\$ 47,313</u>	<u>\$ 133,637</u>

The Notes to the Financial Statements are an integral part of this statement.

**VILLAGE OF WAYNE LAKES
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Wayne Lakes, Darke County, Ohio (the Village) is a body corporate and public 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.

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 a payment is made 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

Certificates of deposit are valued 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.

**VILLAGE OF WAYNE LAKES
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

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 money for constructing, maintaining and repairing Village streets.

State Highway Improvement Fund – This fund receives intergovernmental shared revenue to maintain, repair, and improve the state highway.

Debt Service Funds:

This debt service fund is used to accumulate resources for the payment of bond and note indebtedness. The Village had the following significant debt service fund.

Bond Retirement Fund – This fund receives property taxes for a recreational site acquisition and improvement bond levy.

**VILLAGE OF WAYNE LAKES
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Unencumbered appropriations lapse at year end.

Estimate Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus the unencumbered cash balance as of January 1. The County Budget Commission must also approve 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 2000 and 1999 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 WAYNE LAKES
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000 AND 1999**

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:

	2000	1999
Demand Deposits	\$ 115,067	\$ 123,637
Treasury Bill	<u>0</u>	<u>10,000</u>
Totals	<u>\$ 115,067</u>	<u>\$ 133,637</u>

Deposits:

Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by the financial institution's public entity deposit pool

**VILLAGE OF WAYNE LAKES
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2000 AND 1999**

3 BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2000 and 1999 was as follows:

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 97,311	\$ 107,596	\$ 10,285
Special Revenue	23,822	25,514	1,692
Debt Service	53,625	57,403	3,778
Total	<u>\$ 174,758</u>	<u>\$ 190,513</u>	<u>\$ 15,755</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 108,663	\$ 106,978	\$ 1,685
Special Revenue	56,400	36,740	19,660
Debt Service	66,000	65,365	635
Total	<u>\$ 231,063</u>	<u>\$ 209,083</u>	<u>\$ 21,980</u>

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 90,231	\$ 90,001	\$ (230)
Special Revenue	22,780	23,922	1,142
Debt Service	71,000	770,934	699,934
Total	<u>\$ 184,011</u>	<u>\$ 884,857</u>	<u>\$ 700,846</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 70,100	\$ 65,810	\$ 4,290
Special Revenue	39,400	25,456	13,944
Debt Service	70,400	777,393	(706,993)
Total	<u>\$ 179,900</u>	<u>\$ 868,659</u>	<u>\$ (688,759)</u>

**VILLAGE OF WAYNE LAKES
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999**

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 Board 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 payment, 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.

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

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

5. DEBT

Debt outstanding at December 31, 2000 was as follows:

	Principal	Interest Rate
General Obligation Bonds 1999 A & B	<u>\$ 630,000</u>	3.65% -5.20%

General Obligation Bonds 1999A & B were issued to retire the Final Judgment Bonds and General Obligation Bonds. Those bonds were originally issued to pay for recreational site acquisition and improvement. The loan principal is repaid in annual installments with interest being paid in semi-annual installments. The Final Judgment Bonds were issued to pay for assessed costs and expenses in a court case. The principal and interest are paid in annual installments.

**VILLAGE OF WAYNE LAKES
DARKE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999**

5. DEBT (continued)

Amortization of the long term debt, including interest, is schedule as follows:

Year Ending December 31	Voted and Unvoted General Obligation Bonds
2001	\$64,035
2002	67,670
2003	66,070
2004	64,430
2005	62,750
2006-2010	333,530
2011-2017	<u>225,660</u>
Total	<u>\$884,145</u>

6. RETIREMENT SYSTEMS

The Clerk-Treasurer was covered by the Social Security System. This plan provides retirement benefits, including post retirement health care, and survivor and disability benefits to participants as prescribed by the United States Code.

The Clerk-Treasurer contributed 6.2% of her gross salary and the Village contributed an amount equal to 6.2% of the employee's gross salary. The Village has paid all contributions required through December 2000.

The Village officials and 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 health care, 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 2000 and 1999, members of PERS contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries through June 30, 2000. for the period July 1, 2000 through December 31, 2000, PERS temporarily reduced the employer's contribution rate to 8.13% of participants' gross salaries. The Village has paid all contributions required through December 31, 2000.

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Public officials liability

**VANDERHORST & MANNING CPAs, LLC
6105 NORTH DIXIE DRIVE
DAYTON, OHIO**

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

Village Council
Village of Wayne Lakes
401 East Elm Street
Wayne Lakes, Ohio 45390

We have audited the financial statements of the Village of Wayne Lakes, Darke County (the Village), as of and for the years ended December 2000 and 1999, and have issued our report thereon dated June 11, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted an immaterial instance of noncompliance that we have reported to the management of the Village in a separate letter dated June 26, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the specific internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated June 26, 2001.

Village Council
Village of Wayne Lakes
Report of Independent Accountants on Compliance and on Internal Control Required by
Government Auditing Standards
Page 2

This report is intended for the information and use of management and the Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

Vanderhorst & Manning CPAs, LLC
Dayton, Ohio

June 26, 2001

**VILLAGE OF WAYNE LAKES
DARKE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2000 AND 1999**

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected: Significantly Different Corrective Action Taken; of Finding No Longer Valid; Explain:
1998-30319-001	Ohio Revised Code Section 5705.41(D) fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated	No	The Village did initiate purchase orders in 1999 and has made an attempt to comply with this section, but there were some instances where the purchase order was certified after the invoice date.

The Village should continue to implement policies and procedures to insure compliance with encumbrances requirements.

Also, line item expenditures exceeded line item appropriations throughout 1999 and 2000.

The Village should transfer line item appropriations within the fund when it becomes apparent the expenditure exceeds the appropriation.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

VILLAGE OF WAYNE LAKES

DARKE 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 24, 2001**