



**VILLAGE OF WAYNESBURG
STARK COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2001 AND 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF WAYNESBURG
STARK COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Waynesburg
Stark County
P.O. Box 610
Waynesburg, Ohio 44688-0610

To the Honorable Mayor and Members of Village Council:

We have audited the accompanying financial statements of the Village of Waynesburg, Stark County, Ohio, (the Village) as of and for the years ended December 31, 2001 and 2000. 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 audits 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 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 and reserves for encumbrances of the Village as of December 31, 2001 and 2000, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 29, 2002 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 audits.

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a long horizontal stroke extending to the right.

Jim Petro
Auditor of State

July 29, 2002

**VILLAGE OF WAYNESBURG
STARK COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$36,656	\$88,113	\$13,970	\$138,739
Intergovernmental	27,281	42,656	0	69,937
Charges for Services	0	41,570	0	41,570
Fines, Licenses, and Permits	28,988	363	0	29,351
Earnings on Investments	21,585	0	0	21,585
Miscellaneous	19,167	10,000	0	29,167
	<u>133,677</u>	<u>182,702</u>	<u>13,970</u>	<u>330,349</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Security of Persons and Property	46,620	53,098	0	99,718
Public Health Services	0	31,607	0	31,607
Transportation	0	11,829	0	11,829
General Government	110,926	46,763	0	157,689
Debt Service:				
Principal Payments	0	7,754	7,739	15,493
Interest Payments	0	0	6,231	6,231
Capital Outlay	0	92,423	0	92,423
	<u>157,546</u>	<u>243,474</u>	<u>13,970</u>	<u>414,990</u>
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(23,869)</u>	<u>(60,772)</u>	<u>0</u>	<u>(84,641)</u>
Other Financing Receipts:				
Proceeds from Loans	0	35,000	0	35,000
Excess of Cash Receipts and Other Financing Receipts (Under) Cash Disbursements	(23,869)	(25,772)	0	(49,641)
Fund Cash Balances, January 1	<u>129,545</u>	<u>389,143</u>	<u>0</u>	<u>518,688</u>
Fund Cash Balances, December 31	<u>\$105,676</u>	<u>\$363,371</u>	<u>\$0</u>	<u>\$469,047</u>
Reserves for Encumbrances, December 31	<u>\$0</u>	<u>\$30,030</u>	<u>\$0</u>	<u>\$30,030</u>

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

**VILLAGE OF WAYNESBURG
STARK COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$186,112	\$0	\$186,112
Fines and Forfeitures	0	37,420	37,420
Miscellaneous	99	0	99
Total Operating Cash Receipts	<u>186,211</u>	<u>37,420</u>	<u>223,631</u>
Operating Cash Disbursements:			
Personal Services	32,527	0	32,527
Transportation	1,894	0	1,894
Contractual Services	30,203	0	30,203
Supplies and Materials	17,572	0	17,572
Capital Outlay	78,365	0	78,365
Total Operating Cash Disbursements	<u>160,561</u>	<u>0</u>	<u>160,561</u>
Operating Income	<u>25,650</u>	<u>37,420</u>	<u>63,070</u>
Non-Operating Cash Receipts:			
Intergovernmental	4,930	0	4,930
Proceeds from Loans	40,000	0	40,000
Other Non-Operating Receipts	0	0	0
Total Non-Operating Cash Receipts	<u>44,930</u>	<u>0</u>	<u>44,930</u>
Non-Operating Cash Disbursements:			
Debt Service			
Principal Payments	36,645	0	36,645
Interest Payments	30,138	0	30,138
Other Non-Operating Cash Disbursements	0	36,860	36,860
Total Non-Operating Cash Disbursements	<u>66,783</u>	<u>36,860</u>	<u>103,643</u>
Excess of Cash Receipts Over Cash Disbursements	3,797	560	4,357
Fund Cash Balances, January 1	<u>130,758</u>	<u>820</u>	<u>131,578</u>
Fund Cash Balances, December 31	<u>\$134,555</u>	<u>\$1,380</u>	<u>\$135,935</u>
Reserves for Encumbrances, December 31	<u>\$5,000</u>	<u>\$0</u>	<u>\$5,000</u>

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

**VILLAGE OF WAYNESBURG
STARK 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**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$32,164	\$80,191	\$13,970	\$126,325
Intergovernmental	29,859	43,546	0	73,405
Charges for Services	0	52,209	0	52,209
Fines, Licenses, and Permits	31,390	0	0	31,390
Earnings on Investments	31,114	0	0	31,114
Miscellaneous	9,310	426	0	9,736
	<u>133,837</u>	<u>176,372</u>	<u>13,970</u>	<u>324,179</u>
Total Cash Receipts				
	<u>133,837</u>	<u>176,372</u>	<u>13,970</u>	<u>324,179</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	10,531	63,893	0	74,424
Public Health Services	133	25,910	0	26,043
Leisure Time Activities	2,009	0	0	2,009
Community Environment	107	0	0	107
Basic Utility Services	0	3,517	0	3,517
Transportation	0	21,149	0	21,149
General Government	94,053	0	0	94,053
Debt Service:				
Principal Payments	0	1,662	6,479	8,141
Interest Payments	0	0	7,491	7,491
Capital Outlay	104,375	4,815	0	109,190
	<u>211,208</u>	<u>120,946</u>	<u>13,970</u>	<u>346,124</u>
Total Cash Disbursements				
	<u>211,208</u>	<u>120,946</u>	<u>13,970</u>	<u>346,124</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(77,371)</u>	<u>55,426</u>	<u>0</u>	<u>(21,945)</u>
Other Financing Receipts and (Disbursements):				
Sale of Assets	11,500	0	0	11,500
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	<u>(65,871)</u>	<u>55,426</u>	<u>0</u>	<u>(10,445)</u>
Fund Cash Balances, January 1 (Restated)	<u>195,416</u>	<u>333,717</u>	<u>0</u>	<u>529,133</u>
Fund Cash Balances, December 31	<u><u>\$129,545</u></u>	<u><u>\$389,143</u></u>	<u><u>\$0</u></u>	<u><u>\$518,688</u></u>
Reserves for Encumbrances, December 31	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

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

**VILLAGE OF WAYNESBURG
STARK COUNTY**

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

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$177,651	\$0	\$177,651
Fines and Forfeitures	0	35,859	35,859
Total Operating Cash Receipts	<u>177,651</u>	<u>35,859</u>	<u>213,510</u>
Operating Cash Disbursements:			
Personal Services	22,805	0	22,805
Contractual Services	29,480	0	29,480
Supplies and Materials	18,223	0	18,223
Capital Outlay	64,561	0	64,561
Total Operating Cash Disbursements	<u>135,069</u>	<u>0</u>	<u>135,069</u>
Operating Income	<u>42,582</u>	<u>35,859</u>	<u>78,441</u>
Non-Operating Cash Receipts:			
Proceeds from Loans	9,359	0	9,359
Non-Operating Cash Disbursements:			
Debt Service			
Principal	17,416	0	17,416
Interest	33,110	0	33,110
Financing and Other Debt-Service Related	59	0	59
Other Non-Operating Cash Disbursements	8,504	35,959	44,463
Total Non-Operating Cash Disbursements	<u>59,089</u>	<u>35,959</u>	<u>95,048</u>
Excess of Cash Receipts Under Cash Disbursements	(7,148)	(100)	(7,248)
Fund Cash Balances, January 1	<u>137,906</u>	<u>920</u>	<u>138,826</u>
Fund Cash Balances, December 31	<u>\$130,758</u>	<u>\$820</u>	<u>\$131,578</u>
Reserves for Encumbrances, December 31	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

**VILLAGE OF WAYNESBURG
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Waynesburg, Stark County, (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. In addition, the Village's water utilities are directed by a publicly-elected three-member Board of Public Affairs. The Village provides water utilities, park operations, cemetery operations, and police services. Fire protection services are provided to Village residents by the Village's Volunteer Fire Department.

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

The Village is associated with certain organizations which are defined as Jointly Governed Organizations under Governmental Accounting Standards Board (GASB) Statement No. 14, *Reporting Entity*. These organizations are presented in Notes 10 through 12. These organizations include:

- Stark Council of Governments
- Stark County Regional Planning Commission
- Stark Quad Ambulance District

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 held a U.S. Treasury Bill at December 31, 2000 valued at cost. In addition, the Village invested in a repurchase agreement (overnight sweep) during 2001 and 2000.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

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:

**VILLAGE OF WAYNESBURG
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

1. General Fund

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

2. 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.

Road and Bridge Fund - This fund receives levy monies to maintain Village roads and bridges.

Cemetery Fund - This fund receives monies from the sale of cemetery lots and charges for burials which are used to maintain the cemetery.

Fire Levy Fund - This fund receives levy monies to operate and maintain the Village Volunteer Fire Department.

Police Levy Fund - This fund receives levy monies to operate and maintain the Village Police Department.

3. Debt Service Fund

This fund is used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following Debt Service Fund:

Fire Truck Bond Retirement Fund - This fund receives levy monies to retire the debt associated with the purchase of the Village's fire truck.

4. Enterprise Funds

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

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

Water Debt Fund - This fund receives a portion of the Village's water surcharge from residents to retire debt associated with the water plant expansion, upgrading of Village water maters, and the purchase of a new water truck.

**VILLAGE OF WAYNESBURG
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

4. Enterprise Funds (Continued)

Water Improvement Fund - This fund receives a portion of the Village's water surcharge from residents to cover the cost of improving the Village's water plant.

5. Fiduciary Fund (Agency Fund)

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following Fiduciary Fund:

Mayor's Court Fund - This fund receives fines and forfeitures from the Mayor's Court to be distributed to the Village, State of Ohio, and other local governments.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be re-appropriated. The Village did not encumber all commitments required by Ohio law.

A summary of 2001 and 2000 budgetary activity appears in Note 4.

F. Property, Plant and Equipment

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

**VILLAGE OF WAYNESBURG
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Accumulated Leave

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

2. CORRECTION OF AN ERROR

As of January 1, 2000, the Village's fire truck loan retirement levy issued for the purchase of the fire truck was improperly commingled with the Village's Special Revenue Fire Levy Fund. The fire truck loan retirement levy and subsequent debt service payments were reclassified to a Debt Service Fire Truck Loan Retirement Fund. The restated activity for the Special Revenue Fire Levy Fund and Debt Service Fire Truck Loan Retirement Fund included \$13,970 in receipts and \$13,970 in disbursements. The net effect of the restated activity on the fund balances was zero.

3. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2001	2000
Demand deposits	\$37,422	\$12,161
U.S. Treasury Bill	0	28,499
Repurchase agreement	567,560	609,606
Total investments	567,560	638,105
Total deposits and investments	\$604,982	\$650,266

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

Investments: U.S. Treasury Bills are held in book-entry form by the Federal Reserve, in the name of the Village's financial institution. The financial institution maintains records identifying the Village as owner of these securities. The Village's financial institution transfers securities to the Village's agent to collateralize repurchase agreements. The securities are not in the Village's name.

**VILLAGE OF WAYNESBURG
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2001 and 2000 follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$103,913	\$133,677	\$29,764
Special Revenue	145,039	217,702	72,663
Debt Service	13,970	13,970	0
Enterprise	179,673	231,141	51,468
Fiduciary	0	37,420	37,420
Total	<u>\$442,595</u>	<u>\$633,910</u>	<u>\$191,315</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$238,550	\$157,546	\$81,004
Special Revenue	215,730	273,504	(57,774)
Debt Service	13,970	13,970	0
Enterprise	209,150	232,344	(23,194)
Fiduciary	0	36,860	(36,860)
Total	<u>\$677,400</u>	<u>\$714,224</u>	<u>(\$36,824)</u>

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$109,805	\$133,837	\$24,032
Special Revenue	157,778	176,372	18,594
Debt Service	13,970	13,970	0
Enterprise	182,204	187,010	4,806
Fiduciary	0	35,859	35,859
Total	<u>\$463,757</u>	<u>\$547,048</u>	<u>\$83,291</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$272,150	\$211,208	\$60,942
Special Revenue	187,130	120,946	66,184
Debt Service	13,970	13,970	0
Enterprise	236,150	194,158	41,992
Fiduciary	0	35,959	(35,959)
Total	<u>\$709,400</u>	<u>\$576,241</u>	<u>\$133,159</u>

**VILLAGE OF WAYNESBURG
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

5. NONCOMPLIANCE

Contrary to Ohio Revised Code Section 733.11, the Village did not keep accurate records or statements for the following during 2001 and 2000: Taxes, Intergovernmental Revenues, Debt, Mayor's Court, and Non-payroll Expenditures.

6. PROPERTY TAX

Real property taxes become a lien on January 1 proceeding the October 1 date for which rates are adopted by 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 payments, 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.

7. DEBT

Debt outstanding at December 31, 2001 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
1987 Ohio Water Development Authority Loan No. 1960	\$65,649	9.48%
1987 Ohio Water Development Authority Loan No. 1961	144,880	8.48%
1989 Ohio Water Development Authority Loan No. 1962	109,231	8.07%
1998 Consumers National Bank Pumper Truck Loan	126,973	5.00%
2000 Consumers National Bank Water Truck Loan	7,687	5.25%
2001 Bank of Magnolia Water Tank Loan	27,867	4.50%
2001 Bank of Magnolia Water Meters Loan	26,402	4.50%
Total	<u>\$508,689</u>	

The Ohio Water Development Authority (OWDA) loans relate to a water plant expansion project that was mandated by the Ohio Environmental Protection Agency. The loans will be repaid in semiannual installments as follows: \$5,397, including interest, over 24 years for loan no. 1960; \$11,416, including interest, over 24 years for loan no. 1961; and \$8,450, including interest, over 22 years for loan no. 1962. The loan is collateralized by water surcharge receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

**VILLAGE OF WAYNESBURG
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

7. DEBT (Continued)

The Consumers National Bank pumper truck loan was obtained for the purchase of a pumper truck for the Village's Volunteer Fire Department. The loan will be repaid in annual installments of \$13,970, including interest, over nine years with a payment of \$79,388, including interest, in the tenth year. The loan is collateralized by the goods or property being purchased.

The Consumers National Bank water truck loan was obtained for the purchase of a truck for the Village's Water Department. The loan will be repaid in annual installments of \$2,190, including interest, over five years. The loan is collateralized by the goods or property being purchased.

The Bank of Magnolia water tank loan was obtained for the purchase of a new water tank for the Village's water truck. The loan will be repaid in annual installments of \$7,754, including interest, over five years. The loan is collateralized by the goods Village's water truck.

The Bank of Magnolia water meters loan was obtained for the purchase of new water meters for the Village's water customers. The loan will be repaid in annual installments of \$14,067, including interest, over three years. The loan is collateralized by the goods or property being purchased.

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

	OWDA Loan No. 1960	OWDA Loan No. 1961	OWDA Loan No. 1962	Consumers Pumper Truck Loan	Consumers Water Truck Loan	Bank of Magnolia Water Tank Loan	Bank of Magnolia Water Meters Loan
Year ending December 31:							
2002	\$10,794	\$22,832	\$16,900	\$13,970	\$2,190	\$7,754	\$14,067
2003	10,794	22,832	16,900	13,970	2,190	7,754	14,067
2004	10,794	22,832	16,900	13,970	2,190	7,754	0
2005	10,794	22,832	16,900	13,970	2,190	7,754	0
2006	10,794	22,832	16,900	13,970	0	0	0
Subsequent	53,967	115,148	84,499	93,652	0	0	0
Total	<u>\$107,937</u>	<u>\$229,308</u>	<u>\$168,999</u>	<u>\$163,502</u>	<u>\$8,760</u>	<u>\$31,016</u>	<u>\$28,134</u>

8. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Ohio Police and Fire Pension Fund (OP&F). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans. These plans provide 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 2001 and 2000, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant wages. PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Village has paid all contributions required through December 31, 2001.

**VILLAGE OF WAYNESBURG
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

9. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Commercial Auto Coverage
- Commercial Inland Marine
- General Liability
- Commercial Property Coverage
- Public Official's Liability
- Police Professional Liability

Health and Life Insurance

The Village's Police Chief and Street Director receive health and life insurance coverage through the Ohio Farm Bureau Association Alliance at the Nationwide Life Insurance Company.

10. STARK COUNCIL OF GOVERNMENTS

The Stark Council of Governments (SCOG) is a jointly governed organization. SCOG is a regional council of governments formed under chapter 167 of the Ohio Revised Code. Currently, SCOG's functions include the funding and operation of the Stark County Metropolitan Narcotics Unit and the Canton Crime Lab. SCOG is governed by its membership, including Stark County, and other cities, villages, and townships. The membership elects a nine member executive committee. Based on recommendations of the executive committee, the membership approves its own budget, appoints personnel and performs accounting and finance related activities. Continued existence of the agency is not dependent on the Village's continued participation nor does the Village have an equity interest in the SCOG. The SCOG is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit or burden to the Village. Complete financial statements may be obtained from the Stark Council of Governments, P.O. Box 21451, Canton, Ohio 44701-1451.

11. STARK COUNTY REGIONAL PLANNING COMMISSION

The Village participates in the Stark County Regional Planning Commission (Commission) which is a statutorily created political subdivision of the State. The Commission is jointly governed among Stark County, and other cities, villages, and townships. The principle aim of the Commission is to provide comprehensive planning, both long and short-term, dealing with the economic and physical environment of Stark County. The Board exercises total authority for the day-to-day operations of the Commission including budgeting, appropriating, contracting, and designating management. The Village has no financial responsibility for any the Commission's liabilities. Complete financial statements can be obtained from the Stark County Regional Planning Commission, Stark County, Ohio.

**VILLAGE OF WAYNESBURG
STARK COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

12. STARK QUAD AMBULANCE DISTRICT

Stark QUAD Ambulance District (the District) is a body corporate and politic established for the purpose of providing public emergency ambulance services for the residents of the Stark QUAD Ambulance District which includes the Villages of Magnolia and Waynesburg, and Sandy and Rose Townships. The District is directed by a Board of Trustees consisting of four members. One Board Member is appointed by each political subdivision within the District. The District is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit or burden to the Village.

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

Village of Waynesburg
Stark County
P.O. Box 610
Waynesburg, Ohio 44688-0610

To the Honorable Mayor and Members of Village Council:

We have audited the accompanying financial statements of the Village of Waynesburg, Stark County, Ohio, (the Village) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated July 29, 2002. We conducted our audits 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.

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 audits and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2001-31276-001 and 2001-31276-002.

We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated July 29, 2002.

Internal Control Over Financial Reporting

In planning and performing our audits, 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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings as items 2001-31276-003 through 2001-31276-006.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe any of the reportable conditions described above to be material weaknesses.

We also 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 July 29, 2002.

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

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

July 29, 2002

**VILLAGE OF WAYNESBURG
STARK COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000**

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

FINDING NUMBER 2001-31276-001

Noncompliance Citation

Ohio Rev. Code Section 733.28 states that the Village Clerk shall keep the books of the Village and exhibit accurate statements of all monies expended. During 2001 and 2000, prior to adjustment, the following inaccuracies were noted:

Receipts

- During 2001 and 2000, the Village Clerk initially recorded tax levy receipts and disbursements related to the Village's fire truck loan and retirement levy in the Special Revenue Fire Levy Fund rather than in the Debt Service Fire Truck Loan Retirement Fund. As a result, receipts and disbursements recorded in the Special Revenue Fire Levy Fund and Debt Service Fire Truck Loan Retirement Fund were initially overstated and understated by approximately \$14,000, respectively.
- During 2001 and 2000, the Village Clerk recorded real estate, personal property, and manufactured home property tax expenditure deductions as negative receipts rather than as expenditures. As a result, property tax receipts and expenditures were initially understated by approximately \$4,200 and \$3,700, respectively, in the General Fund.
- During 2001 and 2000, the Village Clerk recorded Homestead and Rollback receipts as property taxes rather than intergovernmental receipts. As a result, property tax receipts and intergovernmental receipts were initially overstated and understated, respectively, by approximately \$4,500 and \$6,900 in the General Fund. In addition, property tax receipts and intergovernmental receipts were initially overstated and understated, respectively, by approximately \$11,700 and \$12,000 in the Special Revenue Fund.
- During 2000, the Village Clerk recorded approximately \$11,500 received from the sale of the Village's backhoe as miscellaneous receipts rather than as proceeds from the sale of assets in the General Fund. As a result, miscellaneous receipts and proceeds from the sale of assets were initially overstated and understated, respectively.
- During 2001, the Village Clerk recorded approximately \$58,500 received from the Village's water surcharge as other non-operating receipts rather than as charges for services in the Enterprise Water Fund. As a result, other non-operating receipts and charges for services were initially overstated and understated, respectively.

Mayor's Court

During 2001, the Village Clerk properly recorded Mayor's Court activity in an Agency Fund; however, fines and forfeitures collected under Village ordinance approximating \$28,600 were not subsequently paid into the Village General Fund on a monthly basis. As a result, receipts and expenditures in the General Fund and Agency Fund were initially overstated and understated, respectively.

Noncompliance Citation (Continued)

Debt Activity

- During 2000, the Village obtained a simple-interest loan totaling \$9,300 from Consumer's National Bank to purchase a new water truck from Wendell Ford. Consumer's National Bank subsequently disbursed the loan proceeds directly to Wendell Ford on behalf of the Village. However, the Village did not record a corresponding memorandum proceeds of loans receipt and capital outlay expenditure. As a result, proceeds of loans and capital outlay expenditures in the Enterprise Water Fund were initially understated, respectively.
- During 2000, the Village Clerk recorded debt service payments related to the Village's Ohio Water Development Authority (OWDA) loan in the Enterprise Water Debt Fund approximating \$2,300 as interest payments rather than as principal payments. As a result, interest and principal payments were initially overstated and understated, respectively.
- During 2000, the Village Clerk recorded debt service principal and interest payments related to the Village's pumper truck loan approximating \$14,000 as security of persons and property expenditures in the Special Revenue Fire Levy Fund rather than as debt service principal and interest payments in the Debt Service Fire Truck Loan Retirement Fund. As a result, the Special Revenue and Debt Service Funds were initially overstated and understated, respectively.
- During 2000, the Village Clerk improperly recorded capital outlay expenditures approximating \$1,700 in the Special Revenue Road and Bridge Fund as a debt service principal payment. As a result, debt service principal payments and capital outlay expenditures were initially overstated and understated, respectively.
- During 2001, the Village obtained a simple-interest loan totaling \$40,000 from the Bank of Magnolia to purchase new water meters; however, the Village Clerk recorded the loan as miscellaneous receipts rather than as proceeds of loans. As a result, miscellaneous receipts and proceeds of loans in the Enterprise Fund were initially overstated and understated, respectively.
- During 2001, the Village obtained a loan in the amount of \$35,010 from the Bank of Magnolia to purchase a water tank for the Fire Department; however, the Village Clerk recorded the loan as miscellaneous receipts rather than as proceeds of loans. As a result, miscellaneous receipts and proceeds of loans in the Special Revenue Fund were initially overstated and understated, respectively.
- During 2001, the Village Clerk recorded debt service principal and interest payments related to the Village's OWDA and water meter loans in the Enterprise Water Debt Fund approximating \$64,600 as supplies and materials expenditures rather than as debt service principal and interest payments. As a result, supplies and materials expenditures and debt service principal and interest payments were initially overstated and understated, respectively.
- During 2001, the Village Clerk recorded debt service principal and interest payments related to the Village's water truck loan in the Enterprise Water Debt Fund approximating \$1,700 and \$500, respectively, as capital outlay expenditures rather than debt service payments. As a result, capital outlay expenditures and debt service principal and interest payments were initially overstated and understated, respectively.

Noncompliance Citation (Continued)

- During 2001, the Village Clerk recorded debt service payments related to the Village's water tank loan in the Enterprise Water Debt Fund approximating \$600 as debt service principal payments rather than debt service interest payments. As a result, debt service principal and interest payments were initially overstated and understated, respectively.

Non-Payroll Disbursements

- During 2001, the Village Clerk recorded Special Revenue Cemetery Fund disbursements approximating \$31,600 as general government expenditures rather than public health expenditures. As a result, general government and public health expenditures were initially overstated and understated, respectively.
- During 2001 and 2000, the Village Clerk recorded disbursements in the General and Enterprise Funds totaling approximately \$230,000 as supplies and materials, general government, and debt service expenditures rather than as capital outlay expenditures. As a result, supplies and materials, general government, and debt service expenditures were initially overstated and capital outlay expenditures were initially understated in these funds.
- During 2000, the Village Clerk recorded disbursements approximating \$1,500 and \$8,500 in the General Fund and Enterprise Water Fund, respectively, for the Village's software maintenance agreement, salt pit cleaning, and salt brine pipe repairs as supplies and materials expenditures rather than contractual services expenditures. As a result, supplies and materials and contractual services expenditures were initially overstated and understated, respectively.

The Village Clerk should record:

- Real estate, personal property, and manufactured home property tax receipts at gross and a corresponding expenditure for property tax deductions.
- Homestead and Rollback and Personal Property Tax Exemption receipts as intergovernmental receipts rather than property taxes.
- Sale of assets and water charges for services under the proper classification.
- A memorandum expenditure and receipt to transfer fines and forfeitures collected by the Mayor's Court under Village ordinance from the Agency Fund to the General Fund monthly.
- Loan proceeds and corresponding debt service principal and interest payments as debt is incurred and subsequently retired.
- Non-payroll disbursements under a classification that is commensurate with the goods or services being received.
- Memorandum receipts and disbursements for the cash value benefit received whenever the Village enters into an on-behalf-of agreement with another entity, whereby the Village or its residents are the beneficiaries of the agreement.

Noncompliance Citation (Continued)

In addition, the Village Clerk should periodically review the Revenue and Expense Audit Trail Reports to ensure individual receipts and expenditures have been properly classified and recorded. This will help ensure that receipt and expenditure activity is complete, accurate, and properly classified. These amounts were subsequently adjusted on the Village's financial statements.

FINDING NUMBER 2001-31276-002

Noncompliance Citation

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

This section also provides for two exceptions to the above requirements:

- Then and Now Certificates - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, Village Council may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate.
- If the amount involved is less than \$1,000, the Village Clerk may authorize payment through a Then and Now Certificate without affirmation of Village Council.

During 2001 and 2000, 72% of the expenditures tested were not certified by the Village Clerk prior to incurring the commitment. It was also found that neither of the two exceptions above were utilized for the items found to be in non-compliance. The Village Clerk should inform all Village employees of the requirements of Ohio Rev. Code Section 5705.41(D). The Village should implement the use of so called Then and Now Certificates and blanket certificates as further permitted by Ohio Rev. Code Section 5705.41.

FINDING NUMBER 2001-31276-003

Reportable Condition

Monthly Cash Reconciliations

During fiscal year 2000 and for the month ending June 30, 2001, the Village Clerk did not complete monthly bank and investment account reconciliations. Consequently, an unreconciled difference of approximately \$2,900 existed between the Village Clerk's financial accounting system and the bank and investment account balances as of December 31, 2001.

The Village Clerk should perform the following:

- Utilize the correct depository and investment balances
- Compare the current month's outstanding checklist to the previous month's for errors and omissions

FINDING NUMBER 2001-31276-003
(Continued)

Reportable Condition (Continued)

Monthly Cash Reconciliations (Continued)

- Maintain the monthly bank and investment reconciliation and supporting documentation in an orderly manner
- Ensure all applicable reconciling items (e.g., earned interest not posted, deposits in transit, Non-Sufficient Funds (NSF) checks, etc.) are incorporated into that month's bank and investment reconciliation
- Maintain an adequate audit trail for the disposition of NSF and voided checks
- Utilize the difference between the matured investment balance and the original purchase price to record investment interest
- Prepare a pay-in and record the receipt of monies to the computer system timely. In addition, ensure expenditure activity is recorded timely to minimize the use of manual checks
- The Village Clerk should include corrections of errors in the current month rather than attempting to correct prior months' receipt/disbursement activity

This will help ensure Village receipt and expenditure activity is properly accounted for, that all reconciling items are properly supported, and minimize the risk of loss.

During 2002, the Village Clerk's monthly bank and investment account reconciliations consistently disclosed an unreconciled difference totaling approximately \$2,900. Certain Village management assert that the unreconciled difference is due to uncorrected accounting and bookkeeping errors from prior years. Pursuant to Ordinance No. 6-418-02 adopted in June 2002, Village Council authorized the Village Clerk to adjust the Village's financial statements by the unreconciled difference in order to reconcile to the bank.

FINDING NUMBER 2001-31276-004

Reportable Condition

Policies and Procedures Manual

Although Village Council adopted written job descriptions for key Village employees, Village Council has not adopted a formal policy and procedures manual, which would include items such as a Village organizational chart, written job descriptions for all Village employees, accounting procedures narratives (receipts/expenditures), related party policies, etc. The lack of a formal policy and procedures manual creates an undefined system of accounting and reporting which could lead to a lack of segregation of duties and errors not being detected in a timely manner.

Village Council should establish and adopt an all-inclusive policy and procedures manual. This will help ensure a defined system of accounting and reporting as well as evidence of written job descriptions which provide adequate segregation of duties and outline job responsibilities for all Village employees.

FINDING NUMBER 2001-31276-005

Reportable Condition

Water Utilities - Delinquencies

The Board of Public Affairs does not have a formal policy for the collection of delinquent water accounts. As a result, the Village has an increased risk of not receiving monies owed for utility services.

The Board of Public Affairs should adopt a policy detailing the methodology used to distinguish delinquent from uncollectible accounts. This policy should address the following issues:

- The monitoring and frequency of review for delinquent accounts
- The procedures to be utilized in an attempt to collect a delinquent account
- The period of time an account may remain delinquent before being classified as uncollectible; and
- The procedures for writing off an account as uncollectible.

This will help ensure the Village has adequate policies and procedures in place for managing delinquent accounts.

FINDING NUMBER 2001-31276-006

Reportable Condition

Cemetery Receipts

The following issues were noted during testing of cemetery receipts:

- During 2000, cemetery deeds were not numbered. In addition during 2001 and 2000, cemetery deeds were not maintained in numerical sequence or secured in a cemetery deed book. As a result, a lack of accountability exists relative to the number of cemetery lots sold and subsequently recorded on the Village's financial statements.
- Cemetery deeds are not always prepared timely. For example, two cemetery deeds written and notarized during 2000 were actually purchased in 1987 and 1989. As a result, the lack of timely completion of a cemetery lot sale transaction significantly increases the risk of misappropriation.
- In certain instances, the name on the cemetery deed did not coincide with the name of the purchaser. As a result, individual cemetery lot sales could not always be verified as being recorded on the Village's receipt ledger.
- During 2001 and 2000, the receipt date recorded on the cemetery sexton's duplicate receipts was the date of deposit rather than the actual date of receipt. As a result, the risk of misappropriation significantly increases.

We recommend the following:

- Cemetery deeds should be pre-numbered, maintained in numerical sequence and secured in a cemetery deed book. This will help increase accountability over the number of cemetery lots sold.

FINDING NUMBER 2001-31276-006
(Continued)

Reportable Condition (Continued)

Cemetery Receipts (Continued)

- Cemetery deeds should be prepared timely. This will help reduce the risk of misappropriation of cemetery lot sale receipts.
- The name documented on the cemetery deed should coincide with the name documented on the Village's receipt ledger. This will help ensure individual cemetery lot sales can be verified as being recorded on the Village's receipt ledger.
- The Cemetery Sexton should utilize duplicate, pre-numbered receipts. Utilization of duplicate, pre-numbered receipts will reduce the risk of misappropriation of cemetery lot sale receipts.

**VILLAGE OF WAYNESBURG
STARK COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2001 AND 2000**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1999-31276-001	Ohio Rev. Code Section 5739.03(B) – a Village Council member used the Village’s tax-exempt status to purchase personal items and receive a government discount.	Yes	The matter was referred to the State of Ohio Department of Taxation, Ohio Ethics Commission, and Stark County Prosecutor’s Office.
1999-31276-002	Ohio Rev. Code Section 9.39 – the Village’s Police Dept. deposited immobilization fees totaling \$100 and accident report fees totaling \$16 in the Waynesburg Police Patrolman Association bank account.	Yes	The finding was repaid into the Village’s General Fund during fiscal year 2000.
1999-31276-003	Ohio Rev. Code Section 5705.36 – the Village Clerk did not certify the total amount from all sources available for expenditure from each fund to the County Auditor timely.	Yes	During 2001 and 2000, the Village Clerk certified the total amount from all sources available for expenditure from each fund to the County Auditor near the 1 st of each fiscal year.
1999-31276-004	Ohio Rev. Code Section 5705.36 – the Village Clerk amended appropriations without obtaining an amended certificate of estimated resources.	No	During 2001 and 2000, total appropriations exceeded total estimated resources at year end in the General Fund and Special Revenue State Highway Fund, respectively. These items were communicated to management during the post audit.
1999-31276-005	Ohio Rev. Code Section 5705.38 – Village Council did not adopt the Annual Appropriation Measure until March 16, 1998, nor was a Temporary Appropriation Measure adopted.	Yes	During 2001 and 2000, Village Council adopted temporary appropriation measures near the 1 st of each fiscal year.

Village of Waynesburg
Stark County
Schedule of Prior Audit Findings
Page 2

1999-31276-006	Ohio Rev. Code Section 5705.39 – total appropriations exceeded total estimated resources by \$10,000 in the Department of Commerce Fund.	No	During 2001 and 2000, total appropriations exceeded estimated resources by \$5,192 and \$6,672 in the General Fund and Special Revenue State Highway Fund, respectively. See Management Letter citation No. 6.
1999-31276-007	Ohio Rev. Code Section 5705.41(B) – During 1998, actual expenditures exceeded appropriations at the legal level of control by \$143,728 and \$10,000 in the Special Revenue Fire and Department of Commerce Funds, respectively.	No	During 2001, actual expenditures exceeded appropriations at the legal level of control for certain funds. These items were communicated to management during the post audit.
1999-31276-008	Ohio Admin. Code Section 117-5-11 (B) and (C) – appropriations posted to the Village’s accounting system did not always reconcile to the Village’s Annual Appropriation Measure	No	During 2001 and 2000, appropriations posted to the Village’s accounting system did not always reconcile to the Village’s Annual Appropriation Measure. See Management Letter recommendation No. 3.
1999-31276-009	Ohio Admin. Code Section 117-5-11 (B) and (C) – the Village Clerk did not record the fund and account codes on each pay-in or voucher for approximately 95% of the transactions tested.	Yes	Finding is no longer valid.
1999-31276-010	Ohio Rev. Code Section 5705.41(D) – 50% of expenditures tested were certified after the invoice date.	No	During 2001 and 2000, 72% of expenditures tested were certified after the invoice date. See Schedule of Findings No. 2.
1999-31276-011	Ohio Constitution, Article XII, Section 5a – The Village Clerk did not properly allocate interest earnings.	No	During 2001 and 2000, the Village Clerk did not allocate interest earnings on motor vehicle and fuel tax monies totaling \$514 and \$395 to the Special Revenue Fund. These items were communicated to management during the post audit.

1999-31276-012	Ohio Rev. Code Section 731.20 – the Village did not maintain adequate documentation of Village Council ordinances and resolutions.	Partially	During 2000, the Village did not maintain adequate documentation of Village Council ordinances and resolutions; however, the matter was corrected for fiscal year 2001. See Management Letter citation No. 3.
1999-31276-013	Ohio Rev. Code Section 733.28 – the Village Clerk did not properly classify certain receipts and expenditures.	No	During 2001 and 2000, the Village Clerk did not properly classify certain receipts and expenditures. The Village's financial statements were subsequently adjusted for these amounts. See Schedule of Findings No. 1.
1999-31276-014	Ohio Rev. Code Sections 135.14 and 133.003 (A)(1) – the Village invested in a repurchase agreement and treasury bill without a formal investment policy adopted by Village Council and filed with the Auditor of State's Office.	No	During 2001 and 2000, the Village invested in a repurchase agreement and treasury bill without a formal investment policy adopted by Village Council and filed with the Auditor of State's Office. See Management Letter citation No. 1.
1999-31276-015	Cemetery Receipts – the cemetery sexton did not maintain adequate records to support cemetery receipts. As a result, the audit opinion on cemetery receipts was qualified.	Partially	During 2001 and 2000, the Cemetery Sexton properly utilized a cash journal and funeral book to document sales of cemetery lots and subsequent cash collections; however, cemetery deeds were not always prepared timely or secured in a cemetery deed book. See Schedule of Findings No. 6.
1999-31276-016	Monthly Cash Reconciliations – the Village Clerk did not perform monthly bank reconciliations.	No	During 2001 and 2000, the Village Clerk did not perform monthly bank reconciliations. As a result, the Auditor of State's Office was contracted to reconstruct the Village's records and assist in the reconciliation process. See Schedule of Findings No. 3.

1999-31276-017	Utility Receipts – the Utility Billing Journal did not always reconcile to the corresponding billing stubs in total. In addition, the method of payment documented on the respective billing stubs did not always correspond to the daily deposit slips. Finally, the Board of Public Affairs (BPA) has not adopted a formal delinquent accounts policy.	Partially	During 2001 and 2000, the Board of Public Affairs approved multiple adjustments to customer water accounts; however, no formal delinquent account policy has been adopted. See Schedule of Findings No. 5.
1999-31276-018	Village Council Reviews and Approvals – Village Council did not receive pertinent financial reports for review or approval.	Partially	During 2001 and 2000, Village Council received monthly report packages from the Village Clerk; however, these report packages were not formally approved as evidenced in the minute records. See Management Letter recommendation No. 2.
1999-31276-019	Computer Environment – the Village Clerk had the ability to manipulate posting dates. In addition, the Village Clerk did not utilize password protection over the Village’s financial accounting system.	Yes	During 2001 and 2000, the Village did not have the ability to manipulate posting dates for individual transactions. In addition, the Village Clerk maintained password protection over the Village’s financial accounting system.
1999-31276-020	Policies and Procedures Manual – the Village did not maintain an all-inclusive policies and procedures manual or written job descriptions for key employees.	Partially	During 2001, Village Council adopted written job descriptions for all key employees; however, the Village did not adopt a formal policies and procedures manual. See Schedule of Findings No. 4.

1999-31276-021	Payroll Expenditures – Forms W-4, personnel folders, and hiring authorization were not maintained for all Village employees. In addition, the Village Clerk compensated the President of the BPA an additional \$20 per meeting without formal approval by the BPA.	Partially	The Village Clerk obtained Forms W-4 and established personnel folders complete with hiring authorization for all employees; however, the Village Clerk compensated the President of the BPA an additional \$2.50 per meeting without formal approval by the BPA during 2001 and 2000. See Management Letter recommendation No. 7.
1999-31276-022	Sick and Vacation Leave – Village Council had not adopted a formal sick and vacation leave policy for applicable employees.	No	During 2001 and 2000, Village Council had not adopted a formal sick and vacation leave policy for applicable employees. See Management Letter recommendation No. 5.



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VILLAGE OF WAYNESBURG

STARK 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
SEPTEMBER 3, 2002**