



**Auditor of State
Betty Montgomery**

VILLAGE OF WAYNE
WOOD COUNTY

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**Auditor of State
Betty Montgomery**

Village of Wayne
Wood County
125 Schoolhouse Street
P.O. Box 39
Wayne, Ohio 43466-0039

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005, interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

January 25, 2006

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Village of Wayne
Wood County
125 Schoolhouse Street
P.O. Box 39
Wayne, Ohio 43466-0039

To the Village Council:

We have audited the accompanying financial statements of Village of Wayne, Wood County, (the Village) as of and for the years ended December 31, 2004 and 2003. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material 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 our audit provides a reasonable basis for our opinion.

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

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to reformat its statements. Since this Village does not use GAAP to measure financial

statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2004, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2004, or its changes in financial position or cash flows of its proprietary funds for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Wayne, Wood County, as of December 31, 2004 and 2003, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the year ended December 31, 2004. The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2006, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Betty Montgomery
Auditor of State

January 26, 2006

**VILLAGE OF WAYNE
WOOD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Governmental Fund Types</u>			<u>Fiduciary Fund Type</u>	Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Cash Receipts:					
Property Tax and Other Local Taxes	\$18,504	\$48,038			\$66,542
Special Assessments	14,707				14,707
Intergovernmental Receipts	30,598	74,614	\$20,000		125,212
Charges for Services		15,437			15,437
Fines, Licenses, and Permits	18,597				18,597
Earnings on Investments	4,361			\$1,695	6,056
Miscellaneous	4,184	2,914			7,098
	<u>90,951</u>	<u>141,003</u>	<u>20,000</u>	<u>1,695</u>	<u>253,649</u>
Cash Disbursements:					
Current:					
Security of Persons and Property	9,760	96,777			106,537
Public Health Services	210				210
Leisure Time Activities	2,441				2,441
Community Environment	7,515				7,515
Basic Utility Services	1,876				1,876
Transportation		34,440			34,440
General Government	41,449				41,449
Debt Service:					
Principal Payments		22,000			22,000
Interest Payments		1,797			1,797
Capital Outlay	5,868		20,000		25,868
	<u>69,119</u>	<u>155,014</u>	<u>20,000</u>		<u>244,133</u>
Total Receipts Over/(Under) Disbursements	<u>21,832</u>	<u>(14,011)</u>		<u>1,695</u>	<u>9,516</u>
Other Financing Receipts and (Disbursements):					
Transfers-In		11,375			11,375
Transfers-Out	(11,375)				(11,375)
	<u>(11,375)</u>	<u>11,375</u>			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	10,457	(2,636)		1,695	9,516
Fund Cash Balances, January 1	<u>135,587</u>	<u>172,332</u>		<u>50,225</u>	<u>358,144</u>
Fund Cash Balances, December 31	<u>\$146,044</u>	<u>\$169,696</u>		<u>\$51,920</u>	<u>\$367,660</u>

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

**VILLAGE OF WAYNE
WOOD 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, 2004**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$230,797		\$230,797
Operating Cash Disbursements:			
Personal Services	81,143		81,143
Contractual Services	31,289		31,289
Supplies and Materials	24,443		24,443
Capital Outlay	396,518		396,518
Total Operating Cash Disbursements	533,393		533,393
Operating (Loss)	(302,596)		(302,596)
Non-Operating Cash Receipts:			
Intergovernmental Receipts	559,359		559,359
Other Non-Operating Receipts		\$21,924	21,924
Total Non-Operating Cash Receipts	559,359	21,924	581,283
Non-Operating Cash Disbursements:			
Redemption of Principal	223,050		223,050
Interest	11,220		11,220
Other Non-Operating Cash Disbursements		22,384	22,384
Total Non-Operating Cash Disbursements	234,270	22,384	256,654
Net Receipts Over/(Under) Disbursements	22,493	(460)	22,033
Fund Cash Balances, January 1	448,759	1,460	450,219
Fund Cash Balances, December 31	<u>\$471,252</u>	<u>\$1,000</u>	<u>\$472,252</u>

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

**VILLAGE OF WAYNE
WOOD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Expendable Trust</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$18,545	\$48,146		\$66,691
Special Assessments	13,826			13,826
Intergovernmental Receipts	30,139	48,610		78,749
Charges for Services		33,839		33,839
Fines, Licenses, and Permits	13,079			13,079
Earnings on Investments	2,651	403	\$207	3,261
Miscellaneous	3,726	2,408		6,134
	<u>81,966</u>	<u>133,406</u>	<u>207</u>	<u>215,579</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	10,023	94,099		104,122
Public Health Services	447			447
Leisure Time Activities	1,798			1,798
Community Environment	6,695			6,695
Basic Utility Services	4,426			4,426
Transportation		17,747		17,747
General Government	48,442			48,442
Debt Service:				
Principal Payments		22,000		22,000
Interest Payments		3,077		3,077
	<u>71,831</u>	<u>136,923</u>		<u>208,754</u>
Total Receipts Over/(Under) Disbursements	<u>10,135</u>	<u>(3,517)</u>	<u>207</u>	<u>6,825</u>
Other Financing Receipts and (Disbursements):				
Transfers-In		10,500		10,500
Transfers-Out	(10,500)			(10,500)
	<u>(10,500)</u>	<u>10,500</u>		
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(365)	6,983	207	6,825
Fund Cash Balances, January 1	<u>135,952</u>	<u>165,349</u>	<u>50,018</u>	<u>351,319</u>
Fund Cash Balances, December 31	<u>\$135,587</u>	<u>\$172,332</u>	<u>\$50,225</u>	<u>\$358,144</u>

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

**VILLAGE OF WAYNE
WOOD 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, 2003**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$231,355		\$231,355
Operating Cash Disbursements:			
Personal Services	82,632		82,632
Contractual Services	33,740		33,740
Supplies and Materials	34,545		34,545
Capital Outlay	59,330		59,330
Total Operating Cash Disbursements	210,247		210,247
Operating Income	21,108		21,108
Non-Operating Cash Receipts:			
Intergovernmental Receipts	111,064		111,064
Other Non-Operating Receipts	1,554	\$15,889	17,443
Total Non-Operating Cash Receipts	112,618	15,889	128,507
Non-Operating Cash Disbursements:			
Debt Service	15,000		15,000
Interest and Other Fiscal Charges	63,746		63,746
Other Non-Operating Cash Disbursements		15,504	15,504
Total Non-Operating Cash Disbursements	78,746	15,504	94,250
Net Receipts Over Disbursements	54,980	385	55,365
Fund Cash Balances, January 1	393,779	1,075	394,854
Fund Cash Balances, December 31	\$448,759	\$1,460	\$450,219

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

**VILLAGE OF WAYNE
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003**

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 Wayne, Wood County, (the Village) as a body corporate and politic. A publicly-elected six-member Council governs the Village. The Village provides water and sewer utilities, park operations, police and fire services

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

B. Basis of Accounting

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. This basis 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 adequately disclose material matters the Auditor of State prescribes.

C. Cash

The Village values certificates of deposit at cost.

D. Fund Accounting

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

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds 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.

Fire Protection Fund -This fund receives proceeds of a fire levy and contracts with other entities for operation of the Village fire department.

**VILLAGE OF WAYNE
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Police Protection Fund – This fund receives proceeds of a police levy for operation of the Village police department.

3. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project funds:

Issue II Fund - This fund receives the benefit of Ohio Public Works Commission Funds. The proceeds are being used for the Railroad Street Improvement Project.

4. Enterprise Funds

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

Water Fund - This fund receives charges for services from residents to cover water service costs.

Sewer Fund - This fund receives charges for services from residents to cover sewer service costs.

Water Capital Fund - This fund receives proceeds from the Ohio Water Development Authority to cover cost for the water project. Once the project is complete the OWDA debt will be repaid with Rural Development Funds.

5. Fiduciary Funds (Trust and Agency Funds)

Trust funds account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the Village classifies the fund as a nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary funds:

Park Fund – This expendable trust fund receives interest from bank accounts. Expenditures are restricted to capital outlay items for the village park.

Mayor's Court Fund – This agency fund receives and disburses money from cases heard.

**VILLAGE OF WAYNE
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

E. Budgetary Process

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

1. Appropriations

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

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 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 canceled, and reappropriated in the subsequent year.

A summary of 2004 and 2003 budgetary activity appears in Note 3.

F. 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.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. EQUITY IN POOLED CASH

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

	<u>2004</u>	<u>2003</u>
Demand deposits	\$689,912	\$658,363
Certificates of deposit	150,000	150,000
Total deposits	<u>\$839,912</u>	<u>\$808,363</u>

**VILLAGE OF WAYNE
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

2. EQUITY IN POOLED CASH – (Continued)

Deposits are insured by the Federal Depository Insurance Corporation; collateralized by securities specifically pledged by the financial institution to the Village; or collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2004 and 2003 follows:

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$70,483	\$90,951	\$20,468
Special Revenue	210,067	152,378	(57,689)
Capital Projects		20,000	20,000
Enterprise	3,240,000	790,156	(2,449,844)
Expendable Trust	650	1,695	1,045
Total	\$3,521,200	\$1,055,180	(\$2,466,020)

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$109,230	\$80,494	\$28,736
Special Revenue	232,030	155,014	77,016
Capital Projects		20,000	(20,000)
Enterprise	3,307,513	767,663	2,539,850
Expendable Trust	10,000		10,000
Total	\$3,658,773	\$1,023,171	\$2,635,602

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$75,437	\$81,966	\$6,529
Special Revenue	146,165	143,906	(2,259)
Enterprise	240,000	343,973	103,973
Expendable Trust	800	207	(593)
Total	\$462,402	\$570,052	\$107,650

**VILLAGE OF WAYNE
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

3. BUDGETARY ACTIVITY – (Continued)

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$138,240	\$82,331	\$55,909
Special Revenue	171,200	136,923	34,277
Enterprise	398,000	288,993	109,007
Expendable Trust	10,000	10,000	10,000
Total	\$717,440	\$508,247	\$209,193

4. COMPLIANCE

Actual expenditures exceeded approved appropriations in the following funds at the fund level:

Fund	Appropriation Authority	Actual Expenditures	Variance
2004			
Fire Protection	\$61,660	\$73,350	(\$11,690)
Issue II		20,000	(20,000)
Water Capital		552,895	(552,895)
2003			
Water Capital		49,891	(49,891)

In 2004, the Village was the beneficiary of \$45,839 of Ohio Public Works Commission funds sent directly to the vendor by the State. This activity was not recorded on the ledgers of the Village. These funds were also not appropriated causing expenditures to exceed appropriations for the Issue II Fund in the amount of \$20,000.

5. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Village Council adopts 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 State pays the Village amounts equaling these deductions. The Village includes these with Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half payment 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.

Property owners assess tangible personal property tax. They must file a list of tangible 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 the Village's behalf.

**VILLAGE OF WAYNE
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

6. DEBT

Debt outstanding at December 31, 2004, was as follows:

	Principal	Interest Rate
General Obligation Notes	14,000	5.750%
Mortgage Revenue Bonds	1,213,000	5.125%
Total	\$1,227,000	

The General Obligation Note was issued to finance the purchase of equipment for the Village Fire Department. The note is a direct obligation of the Village for which is full faith, credit and resources are pledge and is payable in semi-annual installments of \$11,000, plus interest.

The Mortgage Revenue Bonds were issued to retire a federal loan received in 1996 for the installation of a sanitary sewer system within the Village. Proceeds from sanitary sewer charges are used to retire the bonds. The bonds will be repaid in annual installments in amounts designated in the terms of the bond agreement, including interest over 40 years.

The Village does have a water project in progress, this is currently being funded with Ohio Water Development Authority funds and once the project is complete the United State Development Authority Rural Development (USDARD) will payoff the OWDA loan and then an amortization schedule will be established and at this point the Village will be making payment to the USDA Rural Development. The amount approved for financing by the USDARD is \$1,941,000.

Amortization of the above debt, including interest, follows:

Year ending December 31:	General Obligation Notes	Mortgage Revenue Bonds
2005	\$11,411	\$77,166
2006	3,087	78,398
2007		77,526
2008		78,655
2009		77,681
2010-2014		389,622
2015-2019		389,846
2020-2024		389,051
2025-2029		389,674
2030-2034		389,485
2035-2036		156,224
Total	\$14,498	\$2,493,328

**VILLAGE OF WAYNE
WOOD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

7. RETIREMENT SYSTEMS

The Village's elected officials and employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes the plans' retirement benefits, including postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2004 and 2003, OPERS members contributed 8.5 percent of their gross salaries. The Village contributed an amount equaling 13.55 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2004.

8. RISK MANAGEMENT

The Village belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 500 Ohio governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures the Plan with A- VII or better rated carriers, except for the 5% portion retained by the Plan. After September 1, 2003, the Plan pays the lesser of 5% or \$25,000 of casualty losses and the lesser of 5% or \$50,000 of property losses. The individual members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2004 and 2003.

	<u>2004</u>	<u>2003</u>
Assets	\$6,685,522	\$5,402,167
Liabilities	<u>\$2,227,808</u>	<u>\$1,871,123</u>
Members' Equity	<u>\$4,457,714</u>	<u>\$3,531,044</u>

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

VILLAGE OF WAYNE
WOOD COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)

9. CONTRACTUAL COMMITMENTS

As of December 31, 2004, the Village had the following contractual purchase commitments:

<u>Company</u>	<u>Amount Remaining</u>
Diversified Road and Pipe	\$14,015
Hank's Plumbing and Heating	1,192,575
Shinn Bros.	386,605
Gateway Tanks	453,350
Totals	<u>\$2,046,545</u>



**Auditor of State
Betty Montgomery**

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

Village of Wayne
Wood County
125 Schoolhouse Street
P.O. Box 39
Wayne, Ohio 43466-0039

To the Village Council:

We have audited the financial statements of the Village of Wayne, Wood County, (the Village) as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated January 25, 2006, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Village's management dated January 25, 2006, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an

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Village of Wayne
Wood County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
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objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance we must report under *Government Auditing Standards*, which are described in the accompanying schedule of findings as items 2004-001 and 2004-002. In a separate letter to the Village's management dated January 25, 2006, we reported other matters related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of the management, and Village Council, and is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

January 25, 2006

VILLAGE OF WAYNE
WOOD COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2004 AND 2003

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

FINDING NUMBER 2004-001

Noncompliance Citation

Ohio Revised Code § 5705.41(B) states that no subdivision shall make any expenditure of money unless it has been lawfully appropriated as provided in such chapter.

Actual expenditures exceeded approved appropriations in the following funds at the fund level:

<u>Fund</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
2004			
Fire Protection	\$61,660	\$73,350	(\$11,690)
Issue II		20,000	(20,000)
Water Capital		552,895	(552,895)
2003			
Water Capital		49,891	(49,891)

In addition to above there were 50 occurrences in 2003, and 75 occurrences in 2004, where expenditures exceeded appropriations at the legal level of control.

We recommend that Council approved appropriations be compared with amounts expended to ensure expenditures do not exceed appropriations at the legal level of control.

FINDING NUMBER 2004-002

Noncompliance Citation

Chapter 5705 of the Revised Code sets forth a scheme that provides for a uniform budget and appropriation process in order to assure that a governmental entity expends no more than it expects to receive in revenue. In order to accomplish this end, all appropriations must be accounted to and from each appropriation fund. While federal and state loan and grants are deemed appropriated and in the process of collection so as to be available for expenditure, they must still be recorded. R.C. 5705.42. Thus, a mechanism is still required to account for receipt and expenditure. That mechanism is an amendment of, or a supplement to, the entity's estimated resources, or its appropriation measure, which shall comply with all provisions of law governing the taxing authority in making an original appropriation. R.C. 5705.40. An original appropriation measure must be passed by the taxing authority, and any amendment of, or supplement to, that measure also requires legislative action. R.C. 5705.38.

In 2004, the Village was the beneficiary of \$45,839 of Ohio Public Works Commission funds sent directly to the vendor. This activity was not recorded on the ledgers of the Village. The Village did not receive this cash. However, Auditor of State Bulletin 2000-08 prescribes recording these transactions as receipts and disbursements when the Village applies for a project and has administrative responsibilities. The accompanying financial statements were adjusted to reflect the \$20,000 to Capital Project Fund and \$25,839 to the Water Capital Projects Fund. These funds were not appropriated causing expenditures to exceed appropriations, contrary to Ohio Revised Code § 5705.41(B) which requires all expenditures to be appropriated.

We recommend the Village record all benefits received from state or federal grants as a memo receipt and expenditure on the Village's records, request an amended certificate of estimated resources for these funds and Council approve a corresponding appropriation for the expenditure. In addition, Village management should review Auditor of State Bulletin 2000-08.

**VILLAGE OF WAYNE
WOOD COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2004 AND 2003**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2002-001	Prior Certification	No	Partially Corrected, Moved to Management Letter
2002-002	Implementing Effective Monitoring Controls	No	Partially Corrected, Moved to Management Letter



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VILLAGE OF WAYNE

WOOD COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 9, 2006**