



Mary Taylor, CPA
Auditor of State

VILLAGE OF WAYNESFIELD
AUGLAIZE COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2009.....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Proprietary and Fiduciary Fund Types - For the Year Ended December 31, 2009.....	6
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2008.....	7
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Proprietary and Fiduciary Fund Types - For the Year Ended December 31, 2008.....	8
Notes to the Financial Statements	9
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	17
Schedule of Findings.....	19

This page intentionally left blank.



Mary Taylor, CPA
Auditor of State

Village of Waynesfield
Auglaize County
300 North Westminster Street
P.O. Box 128
Waynesfield, Ohio 45896

To the Members of 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 an 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 adverse 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

May 7, 2010

This page intentionally left blank.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of Waynesfield
Auglaize County
300 North Westminster Street
P.O. Box 128
Waynesfield, Ohio 45896

To the Members of Council:

We have audited the accompanying financial statements of Village of Waynesfield, Auglaize County (the Village), as of and for the years ended December 31, 2009 and 2008. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our 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. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. 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 years ended December 31, 2009 and 2008 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2009 and 2008, or its changes in financial position or cash flows for the years then ended.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 7, 2010, 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.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

May 7, 2010

**VILLAGE OF WAYNESFIELD
AUGLAIZE COUNTY**

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

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Local Taxes	\$47,656		\$47,656
Municipal Income Tax	134,835		134,835
Intergovernmental	67,738	\$52,889	120,627
Special Assessments	117		117
Charges for Services	125		125
Fines, Licenses and Permits	9,686		9,686
Earnings on Investments	3,398	656	4,054
Miscellaneous	3,150	700	3,850
Total Cash Receipts	<u>266,705</u>	<u>54,245</u>	<u>320,950</u>
Cash Disbursements:			
Current:			
Security of Persons and Property	58,050	2,050	60,100
Leisure Time Activities	3,925		3,925
Transportation	2,794	42,338	45,132
General Government	109,743		109,743
Debt Service:			
Principal	3,990	10,373	14,363
Total Cash Disbursements	<u>178,502</u>	<u>54,761</u>	<u>233,263</u>
Total Receipts Over/(Under) Disbursements	88,203	(516)	87,687
Fund Cash Balances, January 1	<u>113,361</u>	<u>115,432</u>	<u>228,793</u>
Fund Cash Balances, December 31	<u>\$201,564</u>	<u>\$114,916</u>	<u>\$316,480</u>
Reserve for Encumbrances, December 31	<u>\$5,516</u>	<u>\$188</u>	<u>\$5,704</u>

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

**VILLAGE OF WAYNESFIELD
AUGLAIZE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$1,036,714		\$1,036,714
Miscellaneous	9,606		9,606
Total Operating Cash Receipts	<u>1,046,320</u>		<u>1,046,320</u>
Operating Cash Disbursements:			
Personal Services	162,063		162,063
Employee Fringe Benefits	52,417		52,417
Contractual Services	562,683	\$1,231	563,914
Supplies and Materials	83,680		83,680
Other	6,022		6,022
Total Operating Cash Disbursements	<u>866,865</u>	<u>1,231</u>	<u>868,096</u>
Operating Income/(Loss)	<u>179,455</u>	<u>(1,231)</u>	<u>178,224</u>
Non-Operating Cash Receipts:			
Miscellaneous Receipts	2,465	1,237	3,702
Total Non-Operating Cash Receipts	<u>2,465</u>	<u>1,237</u>	<u>3,702</u>
Non-Operating Cash Disbursements:			
Capital Outlay	64,939		64,939
Redemption of Principal	33,634		33,634
Interest and Other Fiscal Charges	4,979		4,979
Total Non-Operating Cash Disbursements	<u>103,552</u>		<u>103,552</u>
Excess of Receipts Over Disbursements Before Interfund Transfers	78,368	6	78,374
Transfers-In	65,882		65,882
Transfers-Out	<u>(65,882)</u>		<u>(65,882)</u>
Net Receipts Over Disbursements	78,368	6	78,374
Fund Cash Balances, January 1	<u>1,315,650</u>	<u>1</u>	<u>1,315,651</u>
Fund Cash Balances, December 31	<u>\$1,394,018</u>	<u>\$7</u>	<u>\$1,394,025</u>
Reserve for Encumbrances, December 31	<u>\$102,550</u>	<u>\$0</u>	<u>\$102,550</u>

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

**VILLAGE OF WAYNESFIELD
AUGLAIZE COUNTY**

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

	Governmental Fund Types			Totals
	General	Special Revenue	Capital Project	(Memorandum Only)
Cash Receipts:				
Property and Local Taxes	\$48,655			\$48,655
Municipal Income Tax	74,300			74,300
Intergovernmental	78,177	\$36,906	\$540,600	655,683
Special Assessments	126			126
Charges for Services	175			175
Fines, Licenses and Permits	7,241			7,241
Earnings on Investments	3,432	677		4,109
Miscellaneous	5,704			5,704
Total Cash Receipts	217,810	37,583	540,600	795,993
Cash Disbursements:				
Current:				
Security of Persons and Property	61,241			61,241
Public Health Services	30			30
Leisure Time Activities	1,750			1,750
Transportation	5,257	35,888		41,145
General Government	92,577			92,577
Capital Outlay	9,750	13,518	859,779	883,047
Total Cash Disbursements	170,605	49,406	859,779	1,079,790
Total Receipts Over/(Under) Disbursements	47,205	(11,823)	(319,179)	(283,797)
Other Financing Receipts:				
Other Debt Proceeds			319,179	319,179
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements	47,205	(11,823)		35,382
Fund Cash Balances, January 1	66,156	127,255		193,411
Fund Cash Balances, December 31	\$113,361	\$115,432	\$0	\$228,793
Reserve for Encumbrances, December 31	\$1,164	\$707	\$0	\$1,871

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

**VILLAGE OF WAYNESFIELD
AUGLAIZE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$946,959		\$946,959
Miscellaneous	49,256		49,256
Total Operating Cash Receipts	<u>996,215</u>		<u>996,215</u>
Operating Cash Disbursements:			
Personal Services	156,387		156,387
Employee Fringe Benefits	50,974		50,974
Contractual Services	482,952	\$1,983	484,935
Supplies and Materials	105,779		105,779
Other	7,292		7,292
Total Operating Cash Disbursements	<u>803,384</u>	<u>1,983</u>	<u>805,367</u>
Operating Income/(Loss)	<u>192,831</u>	<u>(1,983)</u>	<u>190,848</u>
Non-Operating Cash Receipts:			
Intergovernmental	84,249		84,249
Other Debt Proceeds	104,311		104,311
Miscellaneous Receipts	1,168	1,983	3,151
Total Non-Operating Cash Receipts	<u>189,728</u>	<u>1,983</u>	<u>191,711</u>
Non-Operating Cash Disbursements:			
Capital Outlay	364,350		364,350
Redemption of Principal	16,953		16,953
Interest and Other Fiscal Charges	5,175		5,175
Total Non-Operating Cash Disbursements	<u>386,478</u>		<u>386,478</u>
Excess of Receipts Over (Under) Disbursements Before Interfund Transfers	(3,919)		(3,919)
Transfers-In	66,326		66,326
Transfers-Out	<u>(66,326)</u>		<u>(66,326)</u>
Net Receipts Over Disbursements	(3,919)		(3,919)
Fund Cash Balances, January 1	<u>1,319,569</u>	<u>1</u>	<u>1,319,570</u>
Fund Cash Balances, December 31	<u><u>1,315,650</u></u>	<u><u>1</u></u>	<u><u>1,315,651</u></u>
Reserve for Encumbrances, December 31	<u><u>\$95,384</u></u>		<u><u>\$95,384</u></u>

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

**VILLAGE OF WAYNESFIELD
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

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 Waynesfield, Auglaize County (the Village), as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides police protection; park operations; street repair and maintenance; water, sewer, and electric utilities. Fire and EMT services are provided by Wayne Township.

The Village participates in two joint ventures. Note 11 to the financial statements provides further information on these organizations. These organizations are:

The Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV5) - created to provide electricity to the Village.

The Municipal Energy Services Agency (MESA) – created to help reduce the cost of providing electricity to the Village.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Village's only investments were certificates of deposit which are valued at cost.

D. Fund Accounting

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

1. General Fund

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

**VILLAGE OF WAYNESFIELD
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from private-purpose 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.

Permissive Motor Vehicle License Tax Fund – The fund receives motor vehicle license tax money for constructing, maintaining, and repairing Village streets.

3. Capital Projects Funds

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

S. Westminster Street Project – This fund received restricted receipts for the street repair 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 Fund:

Electric Fund - This fund receives charges for services from residents to cover electric service costs.

5. Fiduciary Funds

Fiduciary funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's Agency Fund accounts for proceeds received from the County for the sale of recycled items. These proceeds, less a \$15.00 monthly fee that is kept by the Village, are disbursed to the non-profit organizations that do the Village recycling.

E. Budgetary Process

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

1. Appropriations

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

**VILLAGE OF WAYNESFIELD
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be re-appropriated.

A summary of 2009 and 2008 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 DEPOSITS AND INVESTMENTS

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

	<u>2009</u>	<u>2008</u>
Demand deposits	\$1,530,505	\$1,364,444
Certificates of deposit	180,000	180,000
Total deposits	<u>\$1,710,505</u>	<u>\$1,544,444</u>

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution public entity deposit pool.

**VILLAGE OF WAYNESFIELD
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$144,080	\$ 266,705	\$122,625
Special Revenue	35,050	54,245	19,195
Capital Projects	16,000		(16,000)
Enterprise	750,450	1,114,667	364,217
Fiduciary	2,500	1,237	(1,263)
Total	<u>\$948,080</u>	<u>\$1,436,854</u>	<u>\$488,774</u>

2009 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 257,441	\$ 184,018	\$ 73,423
Special Revenue	150,482	54,949	95,533
Capital Projects	16,000		16,000
Enterprise	2,066,099	1,138,849	927,250
Fiduciary	2,501	1,231	1,270
Total	<u>\$2,492,523</u>	<u>\$1,379,047</u>	<u>\$1,113,476</u>

2008 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 148,167	\$ 217,810	\$ 69,643
Special Revenue	31,180	37,583	6,403
Capital Projects	861,000	859,779	(1,221)
Enterprise	956,987	1,252,269	295,282
Fiduciary	2,500	1,983	(517)
Total	<u>\$1,999,834</u>	<u>\$2,369,424</u>	<u>\$369,590</u>

2008 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 213,285	\$ 171,769	\$ 41,516
Special Revenue	158,435	50,113	108,322
Capital Projects	861,000	859,779	1,221
Enterprise	2,243,943	1,351,572	892,371
Fiduciary	2,501	1,983	518
Total	<u>\$3,479,164</u>	<u>\$2,435,216</u>	<u>\$1,043,948</u>

**VILLAGE OF WAYNESFIELD
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

4. PROPERTY TAX

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

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

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

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

5. LOCAL INCOME TAX

The Village levies a municipal income tax of 1 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

6. DEBT

Debt outstanding at December 31, 2009 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OPWC Loan for Tower & Well	\$151,695	0%
OPWC Loan for UV Disinfection	33,480	0%
Omega JV5 Bond	88,164	5.84%
OPWC Loan for Water Treatment Plant Improvement	282,901	0%
OPWC for South Westminster St. Repair	303,219	0%
Total	<u>\$859,459</u>	

During 2003 and 2002, loans were obtained from the Ohio Public Works Commission in the amount of \$29,981 and \$194,752, respectively, for the constructions of a new water tower and well. Both loans mature together after a period of 20 years. The debt will be financed through user charges.

During 2004, a loan was obtained from the Ohio Public Works Commission in the amount of \$43,200 for a Wastewater UV Disinfection improvement project. The Village entered into this debt on August 1, 2004 but the money was not disbursed until January 1, 2005. The final payment to the contractor for the project was not made until July 8, 2005. This is a 0% interest 20 year loan. The debt will be financed through user charges.

**VILLAGE OF WAYNESFIELD
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

6. DEBT (Continued)

The OMEGA JV 5 project consists of governmental entities that joined together to finance a municipal electric generation facility. Bonded debt was issued in the amount of \$153,415,000 for the project. The amount listed above and in the amortization schedule below represents the Village's participant share. The debt will be financed through user charges.

During 2005, a loan was obtained from the Ohio Public Works Commission in the amount of \$297,790 for a new water treatment plant, water line replacements, and new water meter installation. The Village entered into the loan on July 5, 2005, the Village received \$193,479 of loan proceed during 2007 and the remaining amount of \$104,311 was received in 2008. This is a 0% interest 20 year loan and payments began January 2009. The debt will be financed through user charges.

During 2008, a loan was obtained from the Ohio Public Works Commission in the amount of \$319,179 for the South Westminister Street Reconstruction project. This is a 0% interest 20 year loan and payments began July 2009. Due to the various aspects of the project, this loan will be repaid from the General fund (25%), Street Construction Maintenance and Repair fund (65%) and Water Operating fund (10%).

<u>Year ending December 31:</u>	<u>OPWC Loan Tank & Well</u>	<u>OPWC Loan UV Disinfection</u>	<u>OMEGA JV5</u>	<u>OPWC Water Treatment Plant</u>	<u>OPWC Westminister Street</u>
2010	\$ 11,237	\$ 2,160	\$ 3,952	\$ 14,890	\$ 15,959
2011	11,237	2,160	4,164	14,890	15,959
2012	11,237	2,160	4,388	14,890	15,959
2013	11,237	2,160	4,624	14,890	15,959
2014	11,237	2,160	4,872	14,890	15,959
2015-2019	56,183	10,800	28,756	74,450	79,795
2020-2024	39,327	10,800	37,408	74,450	79,795
2025-2028		1,080		59,551	63,834
Total Principal	151,695	33,480	88,164	282,901	303,219
Interest			42,782		
Total Principal and Interest	<u>\$151,695</u>	<u>\$33,480</u>	<u>\$130,946</u>	<u>\$282,901</u>	<u>\$303,219</u>

7. RETIREMENT SYSTEMS

The Village's full-time police officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2009 and 2008, OP&F participants contributed 10% of their wages. For 2009 and 2008, the Village contributed to OP&F an amount equal to 24% of full-time police members' wages. For 2009 and 2008, OPERS members contributed 10%, of their gross salaries, and the Village contributed an amount equaling 14% of participants' gross salaries. The Village has paid all contributions required through December 31, 2009.

**VILLAGE OF WAYNESFIELD
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

8. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

The Village also provides health, life, and dental insurance coverage for all full time employees, the Fiscal Officer, fiscal assistant, and the Mayor through a private carrier.

9. CONTINGENT LIABILITIES

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

10. RELATED PARTY TRANSACTIONS

The Village Mayor is the owner of a company from which the Village acquired patches, etc. for the police department uniforms during the year. The Village paid approximately \$75 in 2009 and \$476 in 2008.

11. JOINT VENTURES

A. Ohio Municipal Generation Agency Joint Venture 5 (OMEGA JV5)

The Village of Waynesfield is a Financing Participant with an ownership percentage of 0.08% and shares participation with forty-one other subdivisions within the State of Ohio in the Ohio Municipal Generation Agency Joint Venture 5 (OMEGA JV5). Financing Participants own undivided interests, as tenants in common, without right of partition in the OMEGA JV5 project.

Pursuant to the OMEGA Joint Venture JV5 Agreement (Agreement), the participants jointly undertook as Financing Participants, the acquisition, construction, and equipping of OMEGA JV5, including such portions of OMEGA JV5 as have been acquired, constructed, or equipped by AMP-Ohio.

OMEGA JV5 was created to construct a 42 Megawatt (MW) run-of-the-river hydroelectric plant (including 40MW of backup generation) and associated transmission facilities (on the Ohio River near Bellville, West Virginia Locks and Dam) and sells electricity from its operations to OMEGA JV5 Participants.

Pursuant to Agreement each participant has an obligation to pay its share of debt service on the Beneficial Interest Certificates (Certificates) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System.

**VILLAGE OF WAYNESFIELD
AUGLAIZE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

11. JOINT VENTURES (Continued)

On dissolution of OMEGA JV5, the net assets will be shared by the financing participants on a percentage of ownership basis. Under the terms of the Agreement each participant is to fix, charge, and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV5 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2009 Waynesfield as met their debt coverage obligation.

The Agreement provides that the failure of any JV5 participant to make any payment due by the due date thereof constitutes a default. In the event of a default, OMEGA JV5 may take certain actions including the termination of a defaulting JV5 Participant's entitlement to Project Power. Each Participant may purchase a pro rata share of the defaulting JV5 Participant's entitlement of Project Power, which together with the share of the other non-defaulting JV5 Participants, is equal to the defaulting JV5 Participant's ownership share of the Project, in kilowatts ("Step Up Power") provided that the sum any such increases shall not exceed, without consent of the non-defaulting JV5 Participant, an accumulated maximum kilowatts equal to 25% of such non-defaulting JV5 Participant's ownership share of the project prior to any such increases.

OMEGA JV5 is managed by AMP-Ohio, which acts as the joint venture's agent. During 1993 and 2001 AMP-Ohio issued \$153,415,000 and \$13,899,981 respectively of 30 year fixed rate Beneficial Interest Certificates (Certificates) on behalf of the Financing Participants of OMEGA JV5. The 2001 Certificates accrete to a value of \$56,125,000 on February 15, 2030. The net proceeds of the bond issues were used to construct the OMEGA JV5 Project. On February 17, 2004 the 1993 Certificates were refunded by issuing 2004 Beneficial Interest Refunding Certificates in the amount of \$116,910,000, which resulted in a savings to the membership of \$34,951,833 from the periods 2005 to 2024.

The Village net investment to date in OMEGA JV5 was \$7,160 at December 31, 2007. Complete financial statements for OMEGA JV5 may be obtained from AMP-Ohio or from the State Auditor's website at www.auditor.state.oh.us.

B. Municipal Energy Services Agency (MESA)

Municipal Energy services Agency ("MESA") was organized by 31 subdivisions of the State of Ohio (the "Participants") on December 31, 1996, pursuant to a Joint Venture Agreement (the "Agreement") under the Ohio Constitution and Section 715.02 of the Ohio Revised Code. As of December 31, 2007, there were 48 Participants in MESA. Its purpose is to provide access to a pool of personnel experienced in planning, engineering, construction, safety training, finance, administration and other aspects of the operations and maintenance of Municipal electric and other utility systems. The Participants are members of American Municipal Power-Ohio, Inc. ("AMP-Ohio). MESA also provides personnel and administrative services to AMP-Ohio, the Ohio Municipal Electric Generation Agency Joint Ventures: 1, 2, 4, 5, and 6 ("OMEGA JVs"), the Ohio Municipal Electric Association (OMEA") and the Ohio Public Power Educational Institute ("OPPEI"). The Agreement continues until December 31, 2006, and thereafter for successive terms of three years so long as at least two participants have not given notice of termination of participation. At December 31, 2009, no notice of termination has been received.



Mary Taylor, CPA

Auditor of State

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

Village of Waynesfield
Auglaize County
300 North Westminster Street
P.O. Box 128
Waynesfield, Ohio 45896

To the Village Council:

We have audited the financial statements of the Village of the Waynesfield, Auglaize County (the Village), as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated May 7, 2010, 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 also noted the Village uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. Government Auditing Standards considers this service to impair the Auditor of State's independence to audit the Village. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code 117.11 (B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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 as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2009-001 described in the accompanying schedule of findings to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated May 7, 2010.

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

We intend this report solely for the information and use of the management and Members of Council. We intend it for no one other than these specified parties.

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

Mary Taylor, CPA
Auditor of State

May 7, 2010

**VILLAGE OF WAYNESFIELD
AUGLAIZE COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008**

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

FINDING NUMBER 2009-001

Material Weakness

Financial Reporting

To assist in the effective management and reporting of financial resources, a village should have procedures in place to help assure that financial activity and funds are correctly reported in the accounting records and financial statements. In 2009 and 2008, the Village's Enterprise Fund had disbursement classification errors of \$19,608 each year, as the result of improperly classifying debt payments. The Village reported \$8,371 of the debt payment as contractual services instead of principal and interest and \$11,237 of the debt payment as interest instead of principal. In 2008, the Enterprise Fund had OPWC loan receipts in the amount of \$319,179 improperly classified as intergovernmental receipts. In 2009 and 2008, the Village's General Fund had revenue classification errors of \$9,594 and \$7,066, respectively, as result of improperly classifying of franchise fees as miscellaneous receipts. During 2008, the Village recorded a receipt and disbursement of \$9,133 in both the Special Revenue Street Fund and the Capital Projects Westminster Street Fund.

In 2008, a water plant capital projects fund; with a beginning fund balance of \$93,420, receipts of \$188,560, and expenditures of \$281,980, was reported as a governmental fund instead of an enterprise fund. Further, debt proceeds in the amount of \$104,311 were classified as intergovernmental receipts in the water plant capital projects fund.

The failure to correctly report financial activity and funds in the accounting records and financial statements not only impacts the user's understanding of the financial operations, it also inhibits the ability of the governing body and management to make sound financial decisions, may impact the Village's ability to comply with budgetary laws, and can result in the material misstatement of the financial statements. The accounting records and accompanying financial statements have been adjusted to correctly reflect this activity.

The Village Fiscal Officer should review the Ohio Village Manual, the UAN Manual, and Auditor of State Audit Bulletins for guidance in the recording of revenues. A periodic review of the financial records should be performed to help identify errors.

OFFICIALS' RESPONSE:

The loan proceeds for the water plant and the street project were improperly classified due to the comingling of grant and loan proceeds and the lack of recognition of which type of proceeds were involved in each receipt. We were also unaware that the use of a Capital Project fund to track expenditures for the water plant project was not proper. We had contacted Local Government Services once before regarding where to classify capital projects and were told that putting them in a capital project fund was a proper way for accounting for these projects, which is why we accounted for capital projects this way. Also, we were unaware of the need to post franchise fees as Fines, Licenses and Permits but will do so in the future. We will also analyze our debt commitments for proper classification.

Each of the misclassifications noted above will be analyzed to determine methods to assure proper classifications and changes made as needed.



Mary Taylor, CPA
Auditor of State

VILLAGE OF WAYNESFIELD

AUGLAIZE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 17, 2010**