



Dave Yost • Auditor of State

**VILLAGE OF WAYNESVILLE
WARREN COUNTY**

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WARREN COUNTY

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of Waynesville
Warren County
1400 Lytle Rd.
Waynesville, Ohio 45068

To the Village Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Waynesville, Warren County, Ohio (the Village), as of and for the years ended December 31, 2010 and 2009, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions 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 Auditor of State served during the years ended December 31, 2010 and 2009 as the Village's financial supervisor under Ohio Rev. Code §118.05 (G). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State may assume broad management powers, duties and functions under Ohio Rev. Code §118.04. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 118.05 (G) requires the Auditor of State to provide these supervisory services, and Ohio Revised Code §117.11(A) mandates the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 1, the accompanying financial statements and notes follow the modified cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

The December 31, 2010 Proprietary Funds Statement of Cash Receipts, Disbursements and Changes in Fund Net Assets reported January 1, 2010 net assets for the Sewer Capital Fund as \$215,777. The Village should have reported \$168,905. As a result, the December 31, 2010 net assets for the Sewer Capital Fund was reported at \$132,675. The Village should have reported \$85,803.

In our opinion, except for the effects of not reporting the January 1, 2010 and December 31, 2010 Sewer Capital Fund net assets correctly, as described in the previous paragraph, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Waynesville, Warren County, Ohio, as of December 31, 2010 and 2009, and the respective changes in modified cash financial position, thereof and the respective budgetary comparison for the General, Street Maintenance and Repair, Police Levy and Street Levy Funds thereof for the years then ended in conformity with the basis of accounting Note 1 describes.

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The accompanying financial statements have been prepared assuming the Village will continue as a going concern. As discussed in Note 18 to the 2009 financial statements and Note 16 to the 2010 financial statements, the Village has suffered recurring losses from operations that raise substantial doubt about its ability to continue as a going concern. In addition, the Auditor of State declared the Village in fiscal emergency on April 15, 2008, and a financial planning and supervision commission has assumed certain management responsibilities for the duration of the emergency pursuant to Chapter 118 of the Ohio Rev. Code. Note 18 to the 2009 financial statements and Note 16 to the 2010 financial statements, describe Management's plans regarding these matters. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

For the year ended December 31, 2009, the Village revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 24, 2012, 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.

We conducted our audit to opine on the Village's financial statements taken as a whole. Management's Discussion & Analysis includes tables of net assets, changes in net assets, governmental activities and long-term debt. These tables provide additional information, but are not part of the basic financial statements. However these tables are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These tables were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.



Dave Yost
Auditor of State

May 24, 2012

Village of Waynesville, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

This discussion and analysis of the Village of Waynesville's (the Village) financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2010, within the limitations of the Village's modified cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

Highlights

Key highlights for 2010 are as follows:

A Village-wide 1.0 percent income tax with 100 percent credit began July 1, 2010.

Net assets of governmental activities increased \$241,255.83, or 61.7 percent.

The Village's general receipts are primarily property tax, income tax, and intergovernmental taxes. These receipts represent respectively 46.6 percent, 6.9 percent and 25 percent of the total cash received for governmental activities during the year. Property tax receipts for 2010 decreased 6.5 percent compared to 2009. A large Street reconstruction and resurfacing project was completed on Chapman Street and in the Thatcher Hill subdivision.

The Village's business-type activities increased only 10.3 percent due to significant capital improvement projects. The most significant project in 2010 was the repainting of the Lytle Road Water Tower, which was paid from the Water Fund and the Water Capital Fund.

While the Village remains in fiscal emergency, all deficit balances are expected to be corrected by the end of the summer in 2011, thus allowing the Village to be released from fiscal emergency at the end of 2011.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Village's modified cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Village as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Village as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Village has elected to present its financial statements on a modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Village's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

Village of Waynesville, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

As a result of using the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the modified cash basis of accounting.

Reporting the Village as a Whole

The statement of net assets and the statement of activities reflect how the Village did financially during 2010, within the limitations of modified cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental and business-type activities of the Village at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Village's general receipts.

These statements report the Village's cash position and the changes in cash position. Keeping in mind the limitations of the modified cash basis of accounting, you can think of these changes as one way to measure the Village's financial health. Over time, increases or decreases in the Village's cash position is one indicator of whether the Village's financial health is improving or deteriorating. When evaluating the Village's financial condition, you should also consider other nonfinancial factors as well such as the Village's property tax base, the condition of the Village's capital assets and infrastructure, the extent of the Village's debt obligations, the reliance on non-local financial resources for operations and the need for continued maintenance and possibly growth in the major local revenue sources such as property and income taxes.

In the statement of net assets and the statement of activities, we divide the Village into two types of activities:

Governmental activities. Most of the Village's basic services are reported here, including police, streets and parks. State and federal grants and income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Business-type activity. The Village has many business-type activities, including water, sewer, storm sewer, water tower, trash collection, water capital, and sewer capital. Business-type activities are financed by a fee charged to the customers receiving the service.

Reporting the Village's Most Significant Funds

Fund financial statements provide detailed information about the Village's major funds – not the Village as a whole. The Village establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Village are split into three categories: governmental, proprietary and fiduciary.

Governmental Funds - Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Village's major governmental funds are the General Fund, Street Maintenance and Repair Fund, Police Levy Fund, and the Street Levy Fund. The programs reported in governmental funds are

Village of Waynesville, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

Proprietary Funds – When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Village has seven enterprise funds: water, sewer, storm sewer, water tower, trash collection, water capital, sewer capital.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Village's programs. The only fiduciary fund is the Mayor's Court.

The Village as a Whole

Table 1 provides a summary of the Village's net assets for 2010 compared to 2009 on a modified cash basis:

(Table 1)

Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Assets						
Cash and Cash Equivalents	\$547,875	\$301,237	\$1,948,445	\$1,766,563	\$2,496,320	\$2,067,800
Investments	84,258	84,173	0	0	84,258	84,173
Total Assets	\$632,134	\$385,410	\$1,948,445	\$1,766,563	\$2,580,578	\$2,151,973
Net Assets						
Unrestricted	632,134	385,410	1,948,445	1,766,563	2,580,578	2,151,973
Total Net Assets	\$632,134	\$385,410	\$1,948,445	\$1,766,563	\$2,580,578	\$2,151,973

As mentioned previously, net assets of governmental activities increased \$241,256 or 61.7 percent during 2010. The primary reasons contributing to the decreases in cash balances are as follows:

- Income tax only in place July 1, 2010 to December 31, 2010, not the entire year
- Expenses were kept under strict control. Money was not expended unless absolutely necessary.

Table 2 reflects the changes in net assets on a modified cash basis in 2010 and 2009 for governmental activities, business-type activities and total primary government.

Village of Waynesville, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

(Table 2)
Changes in Net Assets

	Governmental		Business-Type		Total	
	Activities		Activities			
	2010	2009	2010	2009	2010	2009
Receipts:						
Program Receipts:						
Charges for Services	\$277,296	\$106,654	\$1,610,459	\$1,540,292	\$1,887,755	\$1,646,946
Fines, Licenses, & Permits	117,011	10,930	0	0	117,011	10,930
Total Program Receipts	<u>394,307</u>	<u>117,584</u>	<u>1,610,459</u>	<u>1,540,292</u>	<u>2,004,766</u>	<u>1,657,876</u>
General Receipts:						
Property and Other Local Taxes	485,265	518,087	0	0	485,265	518,087
Income Taxes	72,288	285,353	0	0	72,288	285,353
Special Assessments	37	50	0	0	37	50
Cable Franchise Fees		35,249		0	0	35,249
Interest	2,611	4,643	0	0	2,611	4,643
Miscellaneous	86,448	26,525	12,288	15,186	98,736	41,711
Total General Receipts	<u>646,649</u>	<u>869,907</u>	<u>12,288</u>	<u>15,186</u>	<u>658,938</u>	<u>885,093</u>
Total Receipts	<u>1,040,957</u>	<u>987,491</u>	<u>1,622,747</u>	<u>1,555,478</u>	<u>2,663,704</u>	<u>2,542,969</u>
Disbursements:						
General Government	212,755	246,814	0	0	212,755	246,814
Security of Persons and Property:	299,417	282,514	0	0	299,417	282,514
Public Health Services	1,722	1,731	0	0	1,722	1,731
Leisure Time Activities	0	169	0	0	0	169
Personal Services	0	0	0	317,114	0	317,114
Contractual Services	0	0	848,366	419,045	848,366	419,045
Supplies and Materials	0	0		33,105	0	33,105
Transportation	145,091	123,393	0	6,846	145,091	130,239
Capital Outlay	82,151	0	219,443	37,905	301,594	37,905
Principal Retirement	340,667	378,959	240,171	221,560	580,837	600,519
Interest and Fiscal Charges	33,898	35,813	133,103	139,299	167,001	175,112
Total Disbursements	<u>1,115,701</u>	<u>1,069,393</u>	<u>1,441,083</u>	<u>1,174,874</u>	<u>2,556,784</u>	<u>2,244,267</u>
Excess (Deficiency) Before Transfers	(74,744)	(81,902)	181,664	380,604	106,920	298,702
Notes Issued	316,000	336,000	0	0	316,000	336,000
Transfers	0	(2,546)	0	2,546	0	0
Increase (Decrease) in Net Assets	<u>241,256</u>	<u>251,552</u>	<u>181,664</u>	<u>383,150</u>	<u>422,920</u>	<u>634,702</u>
Net Assets, January 1, 2010	<u>390,878</u>	<u>133,858</u>	<u>1,766,780</u>	<u>1,383,413</u>	<u>2,157,658</u>	<u>1,517,271</u>
Net Assets, December 31, 2010	<u>\$632,134</u>	<u>\$385,410</u>	<u>\$1,948,445</u>	<u>\$1,766,563</u>	<u>\$2,580,578</u>	<u>\$2,151,973</u>

Village of Waynesville, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

Program receipts represent only 37.9 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money.

General receipts represent 62.1 percent of the Village's total receipts, and of this amount, over 86.2 percent are local taxes. State and federal grants and entitlements make up the balance of the Village's general receipts (13.7 percent). Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Village and the support services provided for the other Village activities. These include the costs of council, and the auditor, treasurer, and income tax departments, as well as internal services such as payroll and purchasing.

Security of Persons and Property is the cost of police protection; Public Health Services is fees paid to the county health department; Leisure Time Activities are the costs of maintaining the parks; the economic development department promotes the Village to industry and commerce as well as working with other governments in the area to attract new business; and Transportation is the cost of maintaining the roads.

Governmental Activities

If you look at the Statement of Activities on page 3, you will see that the first column lists the major services provided by the Village. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for transportation and security of persons and property, which account for 13 and 27 percent of all governmental disbursements, respectively. General government also represents a significant cost, about 19 percent. Debt service represents 34 percent of costs. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Village that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

Governmental Activities

	Total Cost of Services 2010	Net Cost of Services 2010	Total Cost of Services 2009	Net Cost of Services 2009
General Government	\$212,755	(\$116,909)	\$246,814	(\$129,230)
Security of Persons and Property	\$299,417	(\$299,417)	\$282,514	(\$282,514)
Public Health Services	1,722	(1,722)	1,731	(1,731)
Leisure Time Activities	0	500	169	(169)
Transportation	145,091	(72,043)	123,393	(123,393)
Capital Outlay	82,151	(82,151)	0	0
Principal Retirement	340,667	(340,667)	378,959	(378,959)
Interest and Fiscal Charges	33,898	(33,898)	35,813	(35,813)
Total Expenses	\$1,115,701	(\$946,306)	\$1,069,393	(\$951,809)

The dependence upon property and income tax receipts is apparent as 100 percent of governmental activities are supported through these general receipts.

Village of Waynesville, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

Business-type Activities

The Village's business-type activities are the following: water, sewer, storm sewer, water tower, trash, street lights, water capital improvement, and sewer capital improvement.

The infrastructure is beginning to age and the Village has begun discussing the need for major repairs and how these will be funded. We have also received notification from the Ohio EPA that improvements may be necessary to satisfy new water quality standards. The wastewater treatment plant is nearing capacity, so the Village will be looking into necessary upgrades to allow the plant to handle additional capacity.

The Village's Funds

Total governmental funds had receipts of \$1,356,956.50 and disbursements of \$1,115,700.67. The greatest change within governmental funds occurred within the Police Levy fund. The fund balance of the Police Levy Fund increased \$132,752.86 as the result of the additional property tax millage.

General Fund receipts were less than disbursements by \$20,050.37; this indicates that the General Fund is currently running with a deficit. The reason for the deficit in 2010 is due to the fact that the General Fund is supporting half of Street Maintenance and Repair operations. In lieu of transferring money to correct the deficit in Street M&R, Council chose instead to just use General Fund monies to pay half the expenses of Street M&R for 2009 and 2010.

General Fund Budgeting Highlights

The Village's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2010, the Village amended its General Fund budget several times to reflect changing circumstances. Final budgeted receipts were above original budgeted receipts due to better than expected income tax and intergovernmental collections. The difference between final budgeted receipts and actual receipts was 7.4 percent more than budgeted.

Final disbursements were budgeted at \$798,147.17 while actual disbursements were \$681,072.18. Although receipts were more than expected, appropriations were not increased. The Village kept spending below budgeted amounts as demonstrated by only spending 85.3 percent of appropriations.

Capital Assets and Debt Administration

Capital Assets

The Village does not currently keep track of its capital assets. To emerge from fiscal emergency, the Village must begin to track these assets. It is anticipated that this program will be fully functional by the end of 2011.

Debt

At December 31, 2010, the Village's outstanding debt included \$1,197,000 in general obligation bonds and \$316,000 in general obligation notes issued for improvements to buildings and structures. The total amount of outstanding debt is \$4,427,877. For further information regarding the Village's debt, refer to Note 15 to the basic financial statements.

Village of Waynesville, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

Current Issues

The challenge for all Villages is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base.

The Village has been in fiscal emergency since April 15, 2008. Expenses were significantly cut and revenues increased to allow for the deficits to be corrected in 2011. As of the end of 2010, it appears as though the Village is on track to emerge from fiscal emergency in 2011.

Contacting the Village's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village's finances and to reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Staci Morris, Finance Director, Village of Waynesville, 1400 Lytle Road, Waynesville, Ohio 45068.

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Village of Waynesville
Warren County
Statement of Net Assets - Modified Cash Basis
December 31, 2010

	Governmental Activities	Business - Type Activities	Total
Assets			
Cash	\$ 547,876	\$ 1,948,445	\$ 2,496,320
Investments	\$ 84,258	\$ -	\$ 84,258
<i>Total Assets</i>	<u>\$ 632,134</u>	<u>\$ 1,948,445</u>	<u>\$ 2,580,578</u>
Net Assets			
Unrestricted	\$ 632,134	\$ 1,948,445	\$ 2,580,578
<i>Total Net Assets</i>	<u>\$ 632,134</u>	<u>\$ 1,948,445</u>	<u>\$ 2,580,578</u>

See accompanying notes to the basic financial statements

Village of Waynesville
Warren County
Statement of Cash Receipts, Disbursements and Changes in Modified Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2010

	General Fund	Street M&R	Police Levy	Street Levy	Other Governmental Funds	Total Governmental Funds
Receipts						
Municipal Income Taxes	\$ 72,288	\$ -	\$ -	\$ -	\$ -	\$ 72,288
Property and Other Local Taxes	\$ 93,335	\$ -	\$ 340,232	\$ 51,698	\$ -	\$ 485,265
Charges for Services	\$ 2,455	\$ 100	\$ 13,222	\$ -	\$ 500	\$ 16,278
Fines, Licenses and Permits	\$ 78,503	\$ -	\$ 150	\$ -	\$ 1,417	\$ 80,069
Intergovernmental	\$ 48,219	\$ 125,036	\$ 48,162	\$ 7,169	\$ 32,432	\$ 261,018
Special Assessments	\$ -	\$ -	\$ -	\$ -	\$ 37	\$ 37
Cable Franchise Fees	\$ 36,942	\$ -	\$ -	\$ -	\$ -	\$ 36,942
Gifts and Contributions	\$ 75	\$ 400	\$ -	\$ -	\$ -	\$ 475
Interest	\$ 1,711	\$ -	\$ -	\$ -	\$ 900	\$ 2,611
Miscellaneous	\$ 12,098	\$ 754	\$ 678	\$ 73,048	\$ -	\$ 86,577
Total Receipts	\$ 345,626	\$ 126,290	\$ 402,444	\$ 131,915	\$ 35,286	\$ 1,041,561
Disbursements						
Current:						
General Government	\$ 212,755	\$ -	\$ -	\$ -	\$ -	\$ 212,755
Security of Persons and Property	\$ 44,201	\$ -	\$ 252,658	\$ -	\$ 2,558	\$ 299,417
Public Health Services	\$ 1,722	\$ -	\$ -	\$ -	\$ -	\$ 1,722
Transportation	\$ 47,830	\$ 49,479	\$ 17,034	\$ 13,063	\$ 17,687	\$ 145,091
Capital Outlay	\$ -	\$ 9,065	\$ -	\$ 73,048	\$ 38	\$ 82,151
Debt Service:						
Principal Retirement	\$ 340,667	\$ -	\$ -	\$ -	\$ -	\$ 340,667
Interest and Fiscal Charges	\$ 33,898	\$ -	\$ -	\$ -	\$ -	\$ 33,898
Total Disbursements	\$ 681,072	\$ 58,544	\$ 269,692	\$ 86,111	\$ 20,282	\$ 1,115,701
Excess of Receipts Over (Under) Disbursements	\$ (335,446)	\$ 67,746	\$ 132,753	\$ 45,804	\$ 15,004	\$ (74,140)
Other Financing Sources (Uses)						
Notes Issued	\$ 316,000	\$ -	\$ -	\$ -	\$ -	\$ 316,000
Total Other Financing Sources (Uses)	\$ 316,000	\$ -	\$ -	\$ -	\$ -	\$ 316,000
Net Change in Fund Balances	\$ (19,446)	\$ 67,746	\$ 132,753	\$ 45,804	\$ 15,004	\$ 241,860
Fund Balances Beginning of Year	\$ 242,836	\$ (114,393)	\$ (130,713)	\$ 258,439	\$ 129,247	\$ 385,415
Fund Balances End of Year	\$ 223,390	\$ (46,647)	\$ 2,040	\$ 304,243	\$ 144,251	\$ 627,275

See accompanying notes to the basic financial statements

Village of Waynesville
Warren County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund (A01)
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Municipal Income Taxes	\$ 106,800	\$ 53,400	\$ 72,288	\$ 18,888
Property and Other Local Taxes	\$ 98,027	\$ 94,300	\$ 93,335	\$ (965)
Charges for Services	\$ 38,540	\$ 2,200	\$ 2,455	\$ 255
Fines, Licenses and Permits	\$ 48,764	\$ 85,104	\$ 78,503	\$ (6,601)
Intergovernmental/State Shared Taxes	\$ 41,133	\$ 35,245	\$ 48,219	\$ 12,974
Cable Franchise Fees	\$ 36,340	\$ 36,340	\$ 36,942	\$ 602
Gifts and Contributions	\$ -	\$ -	\$ 75	\$ 75
Interest	\$ 11,000	\$ 3,200	\$ 1,711	\$ (1,489)
Miscellaneous	\$ 26,261	\$ 11,397	\$ 12,098	\$ 701
<i>Total receipts</i>	<u>\$ 406,865</u>	<u>\$ 321,186</u>	<u>\$ 345,626</u>	<u>\$ 24,440</u>
Disbursements				
Current:				
General Government	\$ 289,901	\$ 289,901	\$ 212,755	\$ 77,146
Security of Persons and Property	\$ 53,625	\$ 53,625	\$ 44,201	\$ 9,424
Public Health Services	\$ 1,950	\$ 1,950	\$ 1,722	\$ 228
Transportation	\$ 57,072	\$ 57,072	\$ 47,830	\$ 9,242
Capital Outlay	\$ 1,000	\$ 1,000	\$ -	\$ 1,000
Debt Service:				
Principal Retirement	\$ 360,667	\$ 360,667	\$ 340,667	\$ 20,000
Interest and Fiscal Charges	\$ 33,933	\$ 33,933	\$ 33,898	\$ 35
<i>Total Disbursements</i>	<u>\$ 798,147</u>	<u>\$ 798,147</u>	<u>\$ 681,072</u>	<u>\$ 117,075</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>\$ (391,282)</u>	<u>\$ (476,961)</u>	<u>\$ (335,446)</u>	<u>\$ 141,515</u>
Other Financing Sources (Uses)				
Notes Issued	\$ 316,000	\$ 316,000	\$ 316,000	\$ -
<i>Total Other Financing Sources (Uses)</i>	<u>\$ 316,000</u>	<u>\$ 316,000</u>	<u>\$ 316,000</u>	<u>\$ -</u>
Net Change in Fund Balance	\$ (75,282)	\$ (160,961)	\$ (19,446)	\$ 141,515
Fund Balance Beginning of Year	\$ 59,497	\$ 172,379	\$ 243,440	\$ 70,456
<i>Fund Balance End of Year</i>	<u>\$ (15,785)</u>	<u>\$ 11,418</u>	<u>\$ 223,994</u>	<u>\$ 211,971</u>
Prior Year Encumbrances Appropriated	\$ -	\$ (3,276)	\$ (3,276)	\$ -
Fund Balance End of Year with Encumbrances	\$ (15,785)	\$ 8,142	\$ 220,718	\$ 211,971

See accompanying notes to the basic financial statements

Village of Waynesville
Warren County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Street Maintenance and Repair Fund (B01)
For the Year Ended December 31, 2010

	<u>Budgeted Amounts</u>			<i>Variance with Final Budget Positive (Negative)</i>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Charges for Services	\$ -	\$ -	\$ 100	\$ 100
Intergovernmental	\$ 124,000	\$ 124,000	\$ 125,036	\$ 1,036
Gifts and Contributions	\$ -	\$ -	\$ 400	\$ 400
Miscellaneous	\$ -	\$ -	\$ 754	\$ 754
<i>Total receipts</i>	<u>\$ 124,000</u>	<u>\$ 124,000</u>	<u>\$ 126,290</u>	<u>\$ 2,290</u>
Disbursements				
Current:				
Transportation	\$ 57,072	\$ 57,072	\$ 49,479	\$ 7,593
Capital Outlay	\$ -	\$ 11,000	\$ 9,065	\$ 1,935
<i>Total Disbursements</i>	<u>\$ 57,072</u>	<u>\$ 68,072</u>	<u>\$ 58,544</u>	<u>\$ 9,528</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>\$ 66,928</u>	<u>\$ 55,928</u>	<u>\$ 67,746</u>	<u>\$ 11,818</u>
Other Financing Sources (Uses)				
Transfers In	\$ 62,899	\$ -	\$ -	\$ -
<i>Total Other Financing Sources (Uses)</i>	<u>\$ 62,899</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net Change in Fund Balance	\$ 129,827	\$ 55,928	\$ 67,746	\$ 11,818
Fund Balance Beginning of Year	\$ (79,138)	\$ (84,247)	\$ (114,694)	\$ 30,447
<i>Fund Balance End of Year</i>	<u>\$ 50,689</u>	<u>\$ (28,319)</u>	<u>\$ (46,948)</u>	<u>\$ 42,265</u>
Prior Year Encumbrances Appropriated	\$ -	\$ -	\$ -	\$ -
Fund Balance End of Year with Encumbrances	\$ 50,689	\$ (28,319)	\$ (46,948)	\$ 42,265

See accompanying notes to the basic financial statements

Village of Waynesville
Warren County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Police Levy Fund (B20)
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Municipal Income Taxes	\$ -	\$ -	\$ -	\$ -
Property and Other Local Taxes	\$ 365,000	\$ 360,468	\$ 340,232	\$ (20,236)
Charges for Services	\$ 11,878	\$ 11,878	\$ 13,222	\$ 1,344
Fines, Licenses and Permits	\$ -	\$ -	\$ 150	\$ 150
Intergovernmental	\$ 46,643	\$ 46,643	\$ 48,162	\$ 1,519
Miscellaneous	\$ 2,173	\$ 2,173	\$ 678	\$ (1,495)
<i>Total receipts</i>	<u>\$ 425,694</u>	<u>\$ 421,162</u>	<u>\$ 402,444</u>	<u>\$ (18,718)</u>
Disbursements				
Current:				
Security of Persons and Property	\$ 283,370	\$ 283,370	\$ 252,658	\$ 30,712
Transportation	\$ 19,130	\$ 19,130	\$ 17,034	\$ 2,096
<i>Total Disbursements</i>	<u>\$ 302,500</u>	<u>\$ 302,500</u>	<u>\$ 269,692</u>	<u>\$ 32,809</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>\$ 123,194</u>	<u>\$ 118,662</u>	<u>\$ 132,753</u>	<u>\$ 14,091</u>
Net Change in Fund Balance	\$ 123,194	\$ 118,662	\$ 132,753	\$ 14,091
Fund Balance Beginning of Year	\$ (271,112)	\$ (164,487)	\$ (130,716)	\$ 33,771
<i>Fund Balance End of Year</i>	<u>\$ (147,918)</u>	<u>\$ (45,825)</u>	<u>\$ 2,037</u>	<u>\$ 47,862</u>
Prior Year Encumbrances Appropriated	\$ -	\$ (2,421)	\$ (2,421)	\$ -
Fund Balance End of Year with Encumbrances	\$ (147,918)	\$ (48,246)	\$ (384)	\$ 47,862

See accompanying notes to the basic financial statements

Village of Waynesville
Warren County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Street Levy Fund (B30)
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 52,000	\$ 52,238	\$ 51,698	\$ (540)
Intergovernmental	\$ -	\$ 4,508	\$ 7,169	\$ 2,661
Miscellaneous	\$ -	\$ -	\$ 73,048	\$ 73,048
<i>Total receipts</i>	<u>\$ 52,000</u>	<u>\$ 56,746</u>	<u>\$ 131,915</u>	<u>\$ 75,169</u>
Disbursements				
Current:				
Transportation	\$ 52,340	\$ 52,340	\$ 13,063	\$ 39,277
Capital Outlay	\$ 60,000	\$ 85,000	\$ 73,048	\$ 11,952
<i>Total Disbursements</i>	<u>\$ 112,340</u>	<u>\$ 137,340</u>	<u>\$ 86,111</u>	<u>\$ 51,229</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>\$ (60,340)</u>	<u>\$ (80,594)</u>	<u>\$ 45,804</u>	<u>\$ 126,398</u>
<i>Net Change in Fund Balance</i>	\$ (60,340)	\$ (80,594)	\$ 45,804	\$ 126,398
Fund Balance Beginning of Year	\$ 206,824	\$ 21,880	\$ 258,439	\$ 236,559
<i>Fund Balance End of Year</i>	<u>\$ 146,484</u>	<u>\$ (58,714)</u>	<u>\$ 304,243</u>	<u>\$ 362,957</u>
Prior Year Encumbrances Appropriated	\$ -	\$ -	\$ -	\$ -
Fund Balance End of Year with Encumbrances	\$ 146,484	\$ (58,714)	\$ 304,243	\$ 362,957

See accompanying notes to the basic financial statements

Village of Waynesville
Warren County
Statement of Fund Net Assets - Modified Cash Basis
Proprietary Funds
December 31, 2010

	Business-Type Activities				Business-Type Activities			
	Water Fund	Sewer Fund	Major Enterprise Funds		Sewer Capital Fund	Other Enterprise Funds		Total Enterprise Funds
			Trash Fund	Water Capital Fund				
Assets								
Cash	\$ 491,292	\$ 1,044,816	\$ 50,490	\$ 112,037	\$ 85,802	\$ 164,008	\$ 1,948,445	
<i>Total Assets</i>	<u>\$ 491,292</u>	<u>\$ 1,044,816</u>	<u>\$ 50,490</u>	<u>\$ 112,037</u>	<u>\$ 85,802</u>	<u>\$ 164,008</u>	<u>\$ 1,948,445</u>	
Net Assets								
Unrestricted	<u>\$ 491,292</u>	<u>\$ 1,044,816</u>	<u>\$ 50,490</u>	<u>\$ 112,037</u>	<u>\$ 85,802</u>	<u>\$ 164,008</u>	<u>\$ 1,948,445</u>	

See accompanying notes to the basic financial statements

Village of Waynesville
Warren County
Statement of Cash Receipts,
Disbursements and Changes in Fund Net Assets - Modified Cash Basis
Proprietary Funds
For the Year Ended December 31, 2010

	Business-Type Activities							Total Enterprise Funds
	Water Fund	Sewer Fund	Major Enterprise Funds			Sewer Capital Fund	Other Enterprise Funds	
			Trash Fund	Water Capital Fund	Sewer Capital Fund			
Operating Receipts								
Charges for Services	\$ 493,541	\$ 665,542	\$ 176,965	\$ 135,007	\$ 84,983	\$ 54,420	\$ 1,610,459	
Other Operating Receipts	\$ 1,395	\$ 365	\$ -	\$ -	\$ -	\$ 10,745	\$ 12,505	
<i>Total Operating Receipts</i>	<u>\$ 494,936</u>	<u>\$ 665,907</u>	<u>\$ 176,965</u>	<u>\$ 135,007</u>	<u>\$ 84,983</u>	<u>\$ 65,166</u>	<u>\$ 1,622,964</u>	
Operating Disbursements								
Personal Services	\$ 155,974	\$ 167,075	\$ -	\$ -	\$ -	\$ 3,972	\$ 327,021	
Travel and Transportation	\$ 3,621	\$ 3,653	\$ -	\$ -	\$ -	\$ -	\$ 7,274	
Contractual Services	\$ 127,024	\$ 124,185	\$ 172,192	\$ 9,332	\$ 10,691	\$ 31,080	\$ 474,504	
Supplies and Materials	\$ 15,744	\$ 23,166	\$ -	\$ -	\$ -	\$ 657	\$ 39,567	
<i>Total Operating Disbursements</i>	<u>\$ 302,364</u>	<u>\$ 318,079</u>	<u>\$ 172,192</u>	<u>\$ 9,332</u>	<u>\$ 10,691</u>	<u>\$ 35,709</u>	<u>\$ 848,366</u>	
<i>Operating Income (Loss)</i>	\$ 192,572	\$ 347,828	\$ 4,773	\$ 125,675	\$ 74,292	\$ 29,457	\$ 774,598	
Non-Operating Receipts (Disbursements)								
Capital Outlay	\$ 70,328	\$ 2,244	\$ -	\$ 135,108	\$ 11,763	\$ -	\$ 219,443	
Principal Payments	\$ 4,667	\$ 100,157	\$ -	\$ 5,415	\$ 115,991	\$ 13,941	\$ 240,171	
Interest and Fiscal Charges	\$ 21,333	\$ 49,794	\$ -	\$ 8,622	\$ 29,641	\$ 23,713	\$ 133,103	
<i>Total Non-Operating Disbursements</i>	<u>\$ 96,327</u>	<u>\$ 152,195</u>	<u>\$ -</u>	<u>\$ 149,145</u>	<u>\$ 157,394</u>	<u>\$ 37,655</u>	<u>\$ 592,717</u>	
<i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	\$ 96,245	\$ 195,633	\$ 4,773	\$ (23,470)	\$ (83,102)	\$ (8,198)	\$ 181,881	
Change in Net Assets	\$ 96,245	\$ 195,633	\$ 4,773	\$ (23,470)	\$ (83,102)	\$ (8,198)	\$ 181,881	
Net Assets Beginning of Year	\$ 395,047	\$ 849,183	\$ 45,716	\$ 135,506	\$ 215,777	\$ 172,206	\$ 1,813,435	
Net Assets End of Year	<u>\$ 491,292</u>	<u>\$ 1,044,816</u>	<u>\$ 50,489</u>	<u>\$ 112,036</u>	<u>\$ 132,675</u>	<u>\$ 164,008</u>	<u>\$ 1,995,316</u>	

See accompanying notes to the basic financial statements

Village of Waynesville
Warren County
Statement of Fiduciary Net Assets - Modified Cash Basis
Fiduciary Funds
December 31, 2010

	Agency Mayor's Court
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 8,617
<i>Total Assets</i>	\$ 8,617
Net Assets	
Unrestricted	\$ 8,617

See accompanying notes to the basic financial statements

**VILLAGE OF WAYNESVILLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010**

Note 1 – Reporting Entity

The Village of Waynesville, Warren County, Ohio (“the Village”), is a body politic and corporate 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 seven-member Council (including the Mayor) elected at large for four-year terms.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Village. The Village provides general government services, water and sewer utilities, maintenance of Village roads and bridges, park operations, and police services.

B. Component Units

Component units are legally separate organizations for which the Village is financially accountable. The Village is financially accountable for an organization if the Village appoints a voting majority of the organization’s governing board and (1) the Village is able to significantly influence the programs or services performed or provided by the organization; or (2) the Village is legally entitled to or can otherwise access the organization’s resources; the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Village is obligated for the debt of the organization. The Village is also financially accountable for any organizations that are fiscally dependent on the Village in that the Village approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Village, are accessible to the Village and are significant in amount to the Village. The Village of Waynesville does not have any component units.

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

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Village does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. Following are the more significant of the Village’s accounting policies.

A. Basis of Presentation

The Village’s basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**VILLAGE OF WAYNESVILLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

Note 2 – Summary of Significant Accounting Policies (continued)

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid “doubling up” receipts and disbursements. The statements distinguish between those activities of the Village that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net assets presents the cash and investment balances of the governmental and business-type activities of the Village at year end. The statement of activities compares disbursements with program receipts for each of the Village’s governmental and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program’s goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on a *modified* cash basis or draws from the Village’s general receipts.

Fund Financial Statements

During the year, the Village segregates transactions related to certain Village functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds’ principal services. Operating disbursements include costs of sales and services and administrative costs. The proprietary fund statements report all other receipts and disbursements as nonoperating.

B. Fund Accounting

The Village uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Village are divided into three categories: governmental, proprietary, and fiduciary.

Governmental Funds

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Village’s major governmental funds are the General Fund, the Street Maintenance and Repair Fund, the Police Levy, and the Street Levy.

The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio. The other governmental funds of the Village account for grants and other resources whose use is restricted to a particular purpose.

**VILLAGE OF WAYNESVILLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

Note 2 – Summary of Significant Accounting Policies (continued)

The Police Levy revenues come from a 5.5 mil levy approved by voters on November 4, 2003. The levy language reads as follows:

A replacement tax for the benefit of Waynesville Village, Warren County, Ohio, for the purpose of PROVIDING AND MAINTAINING MOTOR VEHICLES, COMMUNICATIONS, AND OTHER EQUIPMENT USED DIRECTLY IN THE OPERATIONS OF A POLICE DEPARTMENT, AND THE PAYMENT OF SALARIES AND BENEFITS OF PERMANENT POLICE PERSONNEL, at a rate not exceeding five and five-tenths (5.5) mills for each one dollar of valuation, which amounts to fifty-five (\$0.55) cents for each one hundred dollars of valuation, for a period of five (5) years, commencing in 2004, first due in calendar year 2005.

Village residents passed a replacement levy on November 4, 2008 modifying the levy millage to 1.0 mills.

The Street Levy revenues come from a 2.5 mil levy approved by voters on November 4, 2003. The levy language reads as follows:

A renewal of a tax for the benefit of the Village of Waynesville for the purpose of THE GENERAL CONSTRUCTION, RECONSTRUCTION, RESURFACING, AND REPAIR OF STREETS, ROADS, AND BRIDGES, at a rate not to exceed two and five-tenths (2.5) mills for each one dollar of valuation, which amounts to twenty-five (\$0.25) cents for each one hundred dollars of valuation, for a period of five (5) years, commencing in 2004, first due in calendar year 2005.

Village residents passed a replacement levy on November 4, 2008 modifying the levy millage to 1.0 mills.

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.

State Highway Fund – This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets, to erect and maintain street and traffic signs, and to pay the cost of removal of snow, ice, and leaves from Village streets.

Parks and Recreation Fund – This fund receives revenue from a fee that is paid per the Village subdivision code by new developments for playground equipment, summer camps, and other activities.

Village Add-on MVL Tax Fund - This fund receives an annual license tax levied upon the operation of motor vehicles on the public roads for maintaining and repairing Village streets.

Drug Enforcement and Education – This fund receives revenue from DUI fines and items confiscated during a felony drug arrest for drug enforcement and education programs, particularly at schools.

Permissive Tax – This fund receives revenue from the State of Ohio and Warren County and is used for paving and rehabilitating Village streets.

**VILLAGE OF WAYNESVILLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

Note 2 – Summary of Significant Accounting Policies (continued)

Proprietary Funds

The Village classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as either enterprise or internal service.

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Village's major enterprise funds are the water and sewer funds.

Water Fund - The water fund accounts for the provision of water to the residents and commercial users located within the Village, and these funds are the secondary source used to maintain the infrastructure necessary for the delivery of those services.

Water Capital Improvement Fund - The water capital improvement fund accounts for the provision of water to the residents and commercial users located within the Village, and these funds are the primary source used to maintain the infrastructure necessary for the delivery of those services.

Sewer Fund - The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village, and these funds are the secondary source used to maintain the infrastructure necessary for the delivery of those services.

Sewer Capital Improvement Fund - The sewer capital improvement fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village, and these funds are the primary source used to maintain the infrastructure necessary for the delivery of those services.

Fiduciary Funds

Fiduciary funds include pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The only Fiduciary Fund the Village has is the Mayor's Court.

C. Basis of Accounting

The Village's financial statements are prepared using the modified cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Village are described in the appropriate section in the notes.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

**VILLAGE OF WAYNESVILLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

Note 2 – Summary of Significant Accounting Policies (continued)

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Village Council may appropriate.

The appropriations ordinance is the Village Council's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Village Council. The legal level of control has been established at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Clerk. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Village Council.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Village Council during the year.

E. Cash and Investments

Village records identify the purchase of specific investments by specific funds.

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 negative receipts, respectively.

During 2010, the Village invested in nonnegotiable certificates of deposit, U.S. Treasury Bills, a money market fund, and STAR Ohio. The nonnegotiable certificates of deposit and the U.S. Treasury Bills are reported at cost. The Village's money market fund investment is recorded at the amount reported by Merrill Lynch and Morgan Stanley at December 31, 2010.

STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2010.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2010 was \$1710.89.

**VILLAGE OF WAYNESVILLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

Note 2 – Summary of Significant Accounting Policies (continued)

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Village does not have any restricted assets as of December 31, 2010.

G. Inventory and Prepaid Items

The Village reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

I. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's modified cash basis of accounting. Examples of unpaid leave that would be paid out when an employee leaves employment are vacation and comp time.

J. Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 12 and 13, the employer contributions include portions for pension benefits and for postretirement health care benefits.

K. Long-Term Obligations

The Village's *modified* cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither other financing sources nor capital outlay expenditures are reported at inception. Lease payments are reported when paid.

L. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Village does not have any net assets restricted for other purposes.

The Village's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

**VILLAGE OF WAYNESVILLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

Note 2 – Summary of Significant Accounting Policies (continued)

M. Fund Balance Reserves

The Village reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. The Village does not have any fund balance reserves that have been established for encumbrances as of December 31, 2010.

N. Interfund Transactions

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements. The Village does not have any interfund transactions for the 2010 fiscal year.

Note 3 – Change in Basis of Accounting and Restatement of Fund Equity

The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type.

Note 4 – Accountability and Compliance

A. Accountability

The Street Maintenance and Repair fund is currently in a deficit as well. Management has focused on ensuring that expenditures are taken out of the appropriate fund, as well as decreased spending. The current language of the Street Levy fund does not allow many day-to-day expenses (salaries, benefits, telephone, long distance, electric, and gasoline) to be paid out of that fund.

B. Compliance

The Finance Department in the past had failed to ensure that expenditures did not exceed appropriations or fund balance. Management is monitoring the appropriations monthly to ensure that they are amended before expenditures exceed appropriations.

Waynesville Village Council, Village Manager, and Finance Director are working hard to ensure that the Village finances remain in compliance with the Ohio Revised Code and Ohio State Laws.

**VILLAGE OF WAYNESVILLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

Note 5 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General fund, Police Levy fund, and Street Levy fund is on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference(s) between the budgetary basis and the modified cash basis is (are) outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (modified cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$3276 for the General Fund and \$2421 for the Police Levy fund.

Note 6 – Deposits and Investments

Monies held by the Village are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Village can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

**VILLAGE OF WAYNESVILLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

Note 6 - Deposits and Investments (continued)

6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Investments

GASB Statement No. 40 establishes and modifies disclosures related to investment risks: interest rate risk, credit risk (including custodial credit risk and concentration of credit risk) and foreign currency risk.

As of December 31, 2009, the Village had the following investments:

	Carrying Value	Maturity
Money Market Mutual Fund	12,868	Average
STAR Ohio	71,390	Average
Total Portfolio	\$84,258	

Interest rate risk arises because the fair value of investments changes as interest rates change. The Village's investment policy addresses interest rate risk by requiring that the Village's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding the need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

The Money Market Fund carries a rating of AAA by Duff & Phelps's Credit Rating Company and STAR Ohio carries a rating of AAAM by Standard and Poor's. The Village has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The U.S. Treasury Bills are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the Village's name. The Village has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

**VILLAGE OF WAYNESVILLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

Note 7 – Income Taxes

The Village began levying an income tax, effective July 1, 2010. The Village asked residents for a 1% earnings tax with 100% credit for amounts paid to another municipality.

Village Council contracted with Regional Income Tax Agency (RITA) for the collection of the income tax. RITA keeps a 3% administrative fee for the administration, collection, and customer service related to the Village's income tax. RITA collected \$72,288 in income tax for the Village from July to December 2010 and received \$2169 in administrative fees.

Note 8 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Real property tax receipts received in 2010 represent the collection of 2009 taxes. Real property taxes received in 2010 were levied on the assessed values as of January 1, 2010, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due in February; if paid semiannually, the first payment is due in February, with the remainder payable by the end of July.

Public utility property tax receipts received in 2010 represent the collection of 2009 taxes. Public utility real and tangible personal property taxes received in 2008 became a lien on December 31, 2008, were levied after October 1, 2009, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2010 (other than public utility property) represent the collection of 2007 taxes. Tangible personal property taxes received in 2010 were levied after October 1, 2009, on the true value as of December 31, 2009. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Village operations for the year ended December 31, 2010, was \$9.84 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2010 property tax receipts were based are as follows:

Real Property	
Residential/Agricultural	\$43,400,000
Commercial/Industrial/Mineral	10,000,000
Tangible Personal Property	
Business	107,000
Public Utility Personal	780,000
Total Assessed Value	<u>\$54,287,000</u>

**VILLAGE OF WAYNESVILLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

Note 9 – Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2010, the Village contracted with several companies for various types of insurance coverage as follows:

Company	Type of Coverage	Amount of Coverage
Swartzel Affiliated Insurance Co.	Commercial Property	\$9,361,963
	General Liability	5,000,000
	Commercial Crime	150,000
	Inland Marine	159,700
	Vehicle	5,000,000
	Public Officials	5,000,000
	Fidelity and Deposit	250,000

Settled claims have not exceeded coverage in any of the last three years and there is no significant reduction in coverage from the prior year.

The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

The Village does not self-insure any coverage.

Note 10 – Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System (OPERS)

Ohio Public Employees Retirement System administers three separate pension plans as described below:

1. The Traditional Pension Plan - a cost sharing, multiple-employer defined benefit pension plan.
2. The Member-Directed Plan - a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.
3. The Combined Plan - a cost sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

B. OPERS provides retirement, disability, survivor and death benefits and annual cost-of living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits.

C. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

**VILLAGE OF WAYNESVILLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

Note 10 – Defined Benefit Pension Plans (continued)

D. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

E. The Ohio Revised Code provides statutory authority for member and employer contributions. For 2010, member and employer contribution rates were consistent across all three plans. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan.

The 2010 member contribution rates were 10.0 percent for members in state and local classifications. Public safety and law enforcement members contributed 10.5 percent and 11.1 percent respectively.

The 2010 employer contribution rate for state and local employers was 14.00 percent of covered payroll. For both the law enforcement and public safety divisions, the employer contribution rate for 2010 was 17.87 percent.

F. Total required employer contributions for all plans are equal to 100% of employer charges. The Village of Waynesville contributed \$63,246 in 2010.

The full amount has been contributed for 2010, 2009, and 2008.

B. Ohio Police and Fire Pension Fund (OP&F)

A. OP&F provides access to post-retirement health care coverage for eligible persons who receive a monthly service, disability or survivor benefit check. If eligible, the plan subsidizes a spouse, survivor, child up to age 28 or incapacitated child for medical and prescription drugs. The health care coverage provided by the retirement system is considered an "Other Post Employment Benefit (OPEB)" as described in GASB Statement No. 12. The Ohio Revised Code provides that health care cost paid from the funds of OP&F shall be included in the employer's contribution rate. The total police employer contribution rate is 19.5 percent of the covered payroll and the total firefighter employer contribution rate is 24.0% of covered payroll.

B. The Ohio Revised Code provides the statutory authority allowing OP&F's Board of Trustees to offer health care coverage to all eligible individuals.

C. Health care funding and accounting is on a pay-as-you go basis. A percentage of covered payroll, as defined by the Board, is used to pay retiree health care expenses. The Board defined allocation was 6.75 percent of covered payroll in 2009 and 6.75 percent of covered payroll in 2010. Since July 1, 1992, most retirees and survivors were required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

D. following OPEB disclosures are required:

1) The number of participants eligible to receive health care benefits as of December 31, 2009, the date of the last actuarial valuation available, are 14,797 for police and 10,915 for firefighters.

2) The Village of Waynesville's required employer contributions that were paid to fund post-employment benefits is \$6166.44. This figure is calculated by multiplying the actual employer contributions January 1 through December 31, 2010 by 0.346 (\$17,822.08 x 0.346).

**VILLAGE OF WAYNESVILLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

Note 10 – Defined Benefit Pension Plans (continued)

3) OP&F's total health care expenses for the year ending December 31, 2009, the date of the last actuarial valuation available, was \$168,744,032, which was the net of member contributions of \$59,148,831.

Note 11 - Postemployment Benefits

A. Ohio Public Employees Retirement System

A. Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS provides retirement, disability, and survivor benefits as well as post-employment health care coverage to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post-employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

B. The Ohio Revised Code provides the statutory authority regarding public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care benefits.

Employer contributions are expressed as a percentage of the covered payroll of active members. In 2010, state and local employers contributed at a rate of 14.00% of covered payroll and public safety and law enforcement employers contributed at 17.87%. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.00% of covered payroll for state and local employer units and 18.1% of covered payroll for law and public safety employer units. Active members do not make contributions to the OPEB Plan.

**VILLAGE OF WAYNESVILLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

Note 11 - Postemployment Benefits (continued)

OPERS Post Employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to health care for members of the Traditional Plan was 5.5% from January 1 through February 28, 2010 and 5.0% from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members of the Combined Plan was 4.73% from January 1 through February 28, 2010 and 4.23% from March 1 through December 31, 2010. The OPERS Board of Trustees is also authorized to establish rules for the payment of a portion of health care benefits provided, by the retiree or their surviving beneficiaries, Payment amounts vary depending on the number of covered dependents and the coverage selected.

C. The rates stated in Section B (above) are contractually required contribution rates for OPERS. The amount of Village employer contributions made to fund post-employment benefits is \$3,226.

D. OPERS Retirement Board Implements its Health Care Preservation Plan.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates for state and local employers increased on January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

B. Ohio Police and Fire Pension Fund

Plan Description. The Village of Waynesville contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored health care program, a cost-sharing multiple-employer defined postemployment health care plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an "Other Post Employment Benefits (OPEB)" as described in GASB Statement 45.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the Plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy. The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.50% and 24.00% of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50% of covered payroll for police employer units and 24.00% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

**VILLAGE OF WAYNESVILLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

Note 11 - Postemployment Benefits (continued)

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administered as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2010, the employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Village of Waynesville's contributions to OP&F for the years ending December 31, 2010, 2009 and 2008 were \$17,822, \$16,901 and \$20,915.

Note 12 - Notes Payable

A summary of the note transactions for the year ended December 31, 2010, follows:

	Interest Rate	Balance December 31, 2009	Additions	Reductions	Balance December 31, 2010
<u>Governmental Activities</u>					
<u>Bond Anticipation Note</u>					
2009 Issue	3.75%	\$336,000	\$0	\$336,000	\$0
2010 Issue	2.00%	\$0	\$316,000	\$0	\$316,000
Total Notes Payable		<u>\$336,000</u>	<u>\$316,000</u>	<u>\$336,000</u>	<u>\$316,000</u>

The Bond Anticipation Note as issued for the land where the Government Center is located. All note proceeds had been spent as of December 31, 2010. The bond anticipation note is paid from general revenues collected by the Village.

**VILLAGE OF WAYNESVILLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

Note 13 – Debt

The Village's long-term debt activity for the year ended December 31, 2010, was as follows:

	Interest Rate	Balance December 31, 2009	Additions	Reductions	Balance December 31, 2010	Due Within One Year
General Obligation Bonds						
2004 Issue	5.3%	\$1,211,000	\$0	\$11,000	\$1,200,000	\$78,627
2001 OWDA Loan #2566	2.5%	\$2,371,268	\$0	\$189,801	\$2,181,467	\$247,904
2001 OWDA Loan #3235	6.41%	\$373,374	\$0	\$13,941	\$359,433	\$37,655
2001 OWDA Loan #3984	5.01%	\$173,433	\$0	\$5,415	\$168,017	\$14,037
2000 OPWC Loan #CJ08B	0.00%	\$238,480	\$0	\$21,680	\$205,960	\$21,680
Total Debt		\$4,367,555	\$0	\$241,837	\$4,114,877	\$321,276

The general obligation bonds are supported by the full faith and credit of the Village and are payable from unvoted property tax receipts to the extent that other resources are not available to meet annual principal and interest payments.

The Ohio Water Development (OWDA) Loan #2566 relates to wastewater treatment plant improvements required to maintain the system. The loan will be repaid in semiannual installments of \$123,952, including interest over 20 years. The loan is secured by sewer receipts and sewer capital improvement receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development (OWDA) Loan #3235 relates to an elevated storage tank for retaining water. The loan will be repaid in semiannual installments of \$18,827, including interest over 20 years. The loan is secured by water tower receipts and tap-in fees. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development (OWDA) Loan #3984 relates to well field improvement. The loan will be repaid in semiannual installments of \$7019, including interest over 20 years. The loan is secured by water receipts and water capital improvement receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Public Works Commission (OPWC) Loan #CJ08B relates to wastewater treatment plant improvements required to maintain the system. The loan will be repaid by semiannual payments of \$10,840 over 20 years. The loan is secured by sewer receipts and sewer capital improvement receipts. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

**VILLAGE OF WAYNESVILLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

Note 13 – Debt (continued)

The following is a summary of the Village's future annual debt service requirements:

Year	G.O. Bonds		OWDA Loans		OPWC Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$8,000	\$31,721	\$215,115	\$84,481	\$21,680	\$0
2012	17,000	62,805	221,265	78,330	21,680	0
2013	20,000	61,851	227,617	71,979	21,680	0
2014	23,000	60,674	234,176	65,419	21,680	0
2015	26,000	59,492	240,954	58,642	21,680	0
2016–2020	185,000	272,420	1,314,654	183,324	97,560	0
2021–2025	303,000	210,171	210,580	47,880	0	0
2026–2030	449,000	112,969	44,557	4,575	0	0
2031–2035	166,000	8,877	0	0	0	0
2036–2040	0	0	0	0	0	0
2041–2045	0	0	0	0	0	0
2046–2050	0	0	0	0	0	0
Totals	\$1,197,000	\$880,983	\$2,708,917	\$594,630	\$216,800	\$0

The Ohio Revised Code provides that net general obligation debt of the Village, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Village. The Revised Code further provides that total voted and unvoted net debt of the Village less the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation.

Note 14 – Leases

The Village leases buildings, vehicles and other equipment under noncancelable leases. The current lease outstanding is a lease on a Ricoh copier. The Village disbursed \$5145 to pay lease costs for the year ended December 31, 2010. Future lease payments are as follows:

Year	Amount
2010	\$5,145
Total	\$5,145

Note 15 – Public Entity Risk Pool

The Village belongs to the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to over 550 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 coverage, 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 15% casualty and the 10% property portions the Plan retains. The Plan retains the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,000 of property losses. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

**VILLAGE OF WAYNESVILLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010
(Continued)**

Note 15 – Public Entity Risk Pool (continued)

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

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

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2010 and 2009 (the latest information available):

	2010	2009
Assets	\$12,036,000	\$11,176,000
Liabilities	(\$4,845,000)	(\$4,852,000)
Members' Equity	\$7,191,000	\$6,324,000

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

Note 16 – Going Concern

The Village began experiencing financial difficulties and requested assistance from the Auditor of State. Upon further review of the Village's records, the Village was placed in fiscal emergency by the Auditor of State on April 15, 2008.

The negative cash fund balances were covered primarily by the cash balance in the Enterprise Funds.

The Village had 120 days after going into fiscal emergency to have a plan submitted to the Auditor of State, Local Government Services Division (LGS). The recovery plan was approved by Village Council on November 17, 2008, and then the Fiscal Emergency Recovery Commission approved the plan on November 20, 2008. Since that time, Village officials have been following the plan.

	fund emerges from deficit balance
Street Maintenance and Repair B01	2011
Police Levy B20	2012

The Village passed replacement levies for the police and street levies in November 2008. The increase in millage for the Police Levy Fund will permit the deficit fund balance to correct itself without transfers from the general fund. The Street Maintenance and Repair Fund and the Sidewalk Assessment Fund will require a transfer of monies from the General Fund.

For more information, refer to the Recovery Plan (Ordinance 2010-038).

Village of Waynesville, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2009
Unaudited

This discussion and analysis of the Village of Waynesville's (the Village) financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2009, within the limitations of the Village's modified cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

Highlights

Key highlights for 2009 are as follows:

Council imposed a 1 percent income tax with 100 percent credit to be effective July 1, 2010.

Net assets of governmental activities increased \$251,552 or 188 percent, largely due to estate tax revenue of almost \$100,000.

The Village's general receipts are primarily property tax and intergovernmental receipts. These receipts represent respectively 52.3 percent and 29.1 percent of the total cash received for governmental activities during the year. Property tax receipts for 2009 increased 18 percent over 2008.

The Village's business-type activities fund balances increased 27.2 percent due to delaying significant capital improvement projects. No large projects were undertaken in 2009.

While the Village remains in fiscal emergency, all deficit balances are expected to be corrected by the end of the summer in 2011, thus allowing the Village to be released from fiscal emergency at the end of 2011.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Village's modified cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Village as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Village as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Village has elected to present its financial statements on a modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Village's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts

Village of Waynesville, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2009
Unaudited

payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the modified cash basis of accounting.

Reporting the Village as a Whole

The statement of net assets and the statement of activities reflect how the Village did financially during 2009, within the limitations of modified cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental and business-type activities of the Village at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Village's general receipts.

These statements report the Village's cash position and the changes in cash position. Keeping in mind the limitations of the modified cash basis of accounting, you can think of these changes as one way to measure the Village's financial health. Over time, increases or decreases in the Village's cash position is one indicator of whether the Village's financial health is improving or deteriorating. When evaluating the Village's financial condition, you should also consider other nonfinancial factors as well such as the Village's property tax base, the condition of the Village's capital assets and infrastructure, the extent of the Village's debt obligations, the reliance on non-local financial resources for operations and the need for continued maintenance and possibly growth in the major local revenue sources such as property and income taxes.

In the statement of net assets and the statement of activities, we divide the Village into two types of activities:

Governmental activities. Most of the Village's basic services are reported here, including police, streets and parks. State and federal grants and income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Business-type activity. The Village has many business-type activities, including water, sewer, storm sewer, water tower, trash collection, water capital and sewer capital. Business-type activities are financed by a fee charged to the customers receiving the service.

Reporting the Village's Most Significant Funds

Fund financial statements provide detailed information about the Village's major funds – not the Village as a whole. The Village establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Village are split into three categories: governmental, proprietary and fiduciary.

Governmental Funds - Many of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Village's major governmental funds are the General Fund, Police Levy Fund, Street Maintenance and Repair Fund and the Street Levy Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

Village of Waynesville, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2009
Unaudited

Proprietary Funds – When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Village has seven enterprise funds: water, sewer, storm sewer, water tower, trash collection, water capital, sewer capital.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Village's programs. The only fiduciary fund is the Mayor's Court.

The Village as a Whole

Table 1 provides a summary of the Village's net assets for 2009 compared to 2008 on a modified cash basis:

(Table 1)

Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Assets						
Cash and Cash Equivalents	\$301,237	\$49,913	\$1,766,563	\$1,383,413	\$2,067,800	\$1,433,326
Investments	84,173	83,945	0	0	84,173	83,945
Total Assets	\$385,410	\$133,858	\$1,766,563	\$1,383,413	\$2,151,973	\$1,517,271
Net Assets						
Unrestricted	385,410	133,858	1,766,563	1,383,413	2,151,973	1,517,271
Total Net Assets	\$385,410	\$133,858	\$1,766,563	\$1,383,413	\$2,151,973	\$1,517,271

As mentioned previously, net assets of governmental activities increased \$251,552 or 188 percent during 2009. The primary reasons contributing to the increase in cash balances are as follows:

- Estate tax payments of \$98,612 were received. These monies were used to offset the General Fund paying for half of the Street Maintenance and Repair expenses in 2009.
- Expenses were kept under strict control. Money was not expended unless absolutely necessary. No large capital improvement projects were undertaken.

Table 2 reflects the changes in net assets on a modified cash basis in 2009 and 2008 for governmental activities, business-type activities and total primary government.

Village of Waynesville, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2009
Unaudited

(Table 2)						
Changes in Net Assets						
	Governmental		Business-Type			
	Activities		Activities		Total	
	2009	2008	2009	2008	2009	2008
Receipts:						
Program Receipts:						
Charges for Services	\$106,654	\$105,777	\$1,540,292	\$1,704,010	\$1,646,946	\$1,809,787
Operating Grants	10,930	0	0	0	10,930	0
Total Program Receipts	117,584	105,777	1,540,292	1,704,010	1,657,876	1,809,787
General Receipts:						
Property and Other Local Taxes	518,087	438,941	0	0	518,087	438,941
Intergovernmental	285,353	326,351	0	0	285,353	326,351
Special Assessments	50	2,298	0	0	50	2,298
Cable Franchise Fees	35,249	40,340	0	0	35,249	40,340
Interest	4,643	31,558	0	0	4,643	31,558
Miscellaneous	26,525	7,472	15,186	3,187	41,711	10,659
Total General Receipts	869,907	846,960	15,186	3,187	885,093	850,147
Total Receipts	987,491	952,737	1,555,477	1,707,197	2,542,969	2,659,934
Disbursements:						
General Government	246,814	270,151	0	0	246,814	270,151
Security of Persons and Property:	282,514	314,602	0	0	282,514	314,602
Public Health Services	1,731	0	0	0	1,731	0
Leisure Time Activities	169	0	0	0	169	0
Personal Services	0	0	317,114	292,617	317,114	292,617
Contractual Services	0	0	419,045	451,474	419,045	451,474
Supplies and Materials	0	0	33,105	55,739	33,105	55,739
Transportation	123,393	119,554	6,846	818	130,239	120,372
Capital Outlay	0	6,613	37,905	423,491	37,905	430,104
Principal Retirement	378,959	380,268	221,560	232,386	600,519	612,654
Interest and Fiscal Charges	35,813	36,398	139,299	138,494	175,112	174,892
Total Disbursements	1,069,393	1,127,586	1,174,874	1,595,019	2,244,267	2,722,605
Excess (Deficiency) Before Transfers	(81,902)	(174,849)	380,604	112,178	298,702	(62,671)
Notes Issued	336,000	352,000	0	0	336,000	352,000
Transfers	(2,546)	0	2,546	0	0	0
Increase in Net Assets	251,552	177,151	383,150	112,178	634,702	289,329
Net Assets, January 1	133,858	(43,293)	1,383,413	1,271,235	1,517,271	1,227,942
Net Assets, December 31	\$385,410	\$133,858	\$1,766,563	\$1,383,413	\$2,151,973	\$1,517,271

Village of Waynesville, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2009
Unaudited

Program receipts represent 43.3 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money and utilities charges for service.

General receipts represent 56.7 percent of the Village's total receipts, and of this amount, over 92.5 percent are local taxes. State and federal grants and entitlements make up the balance of the Village's general receipts (7.5 percent). Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Village and the support services provided for the other Village activities. These include the costs of council, and the auditor, treasurer, and income tax departments, as well as internal services such as payroll and purchasing.

Security of Persons and Property is the cost of police protection. Public Health Services are fees paid to the county health department; Leisure Time Activities are the costs of maintaining the parks; the economic development department promotes the Village to industry and commerce as well as working with other governments in the area to attract new business; and Transportation is the cost of maintaining the roads.

Governmental Activities

If you look at the Statement of Activities on page 3, you will see that the first column lists the major services provided by the Village. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for transportation and security of persons and property, which account for 11.5 and 26.4 percent of all governmental disbursements, respectively. General Government also represents a significant cost, about 12.3 percent. Debt service represents 38.8 percent of costs. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Village that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

Village of Waynesville, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2009
Unaudited

Governmental Activities

	Total Cost of Services 2009	Net Cost of Services 2009	Total Cost of Services 2008	Net Cost of Services 2008
General Government	\$246,814	(\$129,230)	\$270,151	(\$270,151)
Security of Persons and Property	\$282,514	(\$282,514)	\$314,602	(\$314,602)
Public Health Services	1,731	(1,731)	0	0
Leisure Time Activities	169	(169)	0	1,000
Transportation	123,393	(123,393)	119,554	(119,554)
Capital Outlay	0	0	6,613	(6,613)
Principal Retirement	378,959	(378,959)	380,268	(380,268)
Interest and Fiscal Charges	35,813	(35,813)	36,398	(36,398)
Total Expenses	\$1,069,393	(\$951,809)	\$1,127,586	(\$1,126,586)

The dependence upon property tax receipts is apparent as nearly 100 percent of governmental activities are supported through these general receipts.

Business-type Activities

The Village's business-type activities are the following: water, sewer, storm sewer, water tower, trash, street lights, water capital improvement, and sewer capital improvement.

The infrastructure is beginning to age and the Village has begun discussing the need for major repairs and how these will be funded. We have also received notification from the Ohio EPA that improvements may be necessary to satisfy new water quality standards. The wastewater treatment plant is nearing capacity, so the Village will be looking into necessary upgrades to allow the plant to handle additional capacity.

The Village's Funds

Total governmental funds had receipts of \$1,338,300 and disbursements of \$1,086,749. The greatest change within governmental funds occurred within the Police Levy fund. The fund balance of the Police Levy Fund increased \$149,104 as the result of the additional property tax millage.

General Fund receipts were less than disbursements by \$19,712 indicating that the General Fund spent more in 2009 than was brought in as revenue. The reason for the increased expenditures in 2009 is due to the fact that the General Fund is supporting half of Street Maintenance and Repair operations, and this is expected to continue in 2010. In lieu of transferring money to correct the deficit in Street M&R, Council chose instead to just use General Fund monies to pay half the expenses of Street M&R for 2009 and 2010.

General Fund Budgeting Highlights

The Village's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2009, the Village amended its General Fund budget several times to reflect changing circumstances. Final budgeted receipts were above original budgeted receipts due to better than expected income tax and intergovernmental collections. The difference between final budgeted receipts and actual receipts was 3.2 percent more than budgeted.

Village of Waynesville, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2009
Unaudited

Final disbursements were budgeted at \$738,214 while actual disbursements were \$680,191. The Village kept spending below budgeted amounts as demonstrated by only spending 91.2 percent of appropriations.

Capital Assets and Debt Administration

Capital Assets

The Village does not currently keep track of its capital assets. To emerge from fiscal emergency, the Village must begin to track these assets. It is anticipated that this program will be fully functional by the time the Village emerges from fiscal emergency at the end of 2011.

Debt

At December 31, 2009, the Village's outstanding debt included \$1,211,000 in general obligation bonds and \$336,000 in general obligation notes issued for improvements to buildings and structures. The total amount of outstanding debt is \$4,824,554. For further information regarding the Village's debt, refer to Notes 12 and 13 to the basic financial statements.

Current Issues

The challenge for all Governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base.

The Village has been in fiscal emergency since April 15, 2008. Expenses were significantly cut and revenues increased to allow for the deficits to be corrected in 2011. As of the end of 2009 with the income tax, it appears as though the Village is on track to emerge from fiscal emergency in 2011.

Contacting the Village's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village's finances and to reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Staci Morris, Finance Director, Village of Waynesville, 1400 Lytle Road, Waynesville, Ohio 45068.

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Village of Waynesville
Warren County
Statement of Net Assets - Modified Cash Basis
December 31, 2009

	Governmental Activities	Business - Type Activities	Total
Assets			
Cash	\$301,237	\$1,766,563	\$2,067,800
Investments	84,173	0	84,173
<i>Total Assets</i>	<u>\$385,410</u>	<u>\$1,766,563</u>	<u>\$2,151,973</u>
Net Assets			
Unrestricted	<u>\$385,410</u>	<u>\$1,766,563</u>	<u>\$2,151,973</u>
<i>Total Net Assets</i>	<u>\$385,410</u>	<u>\$1,766,563</u>	<u>\$2,151,973</u>

See accompanying notes to the basic financial statements

Village of Waynesville
Warren County
Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2009

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets			
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General Government	\$246,814	\$106,654	\$10,930	\$0	(\$129,230)	\$0	(\$129,230)
Security of Persons and Property	282,508	0	0	0	(282,508)	0	(282,508)
Public Health Services	1,731	0	0	0	(1,731)	0	(1,731)
Leisure Time Activities	169	0	0	0	(169)	0	(169)
Transportation	123,393	0	0	0	(123,393)	0	(123,393)
Debt Service:							
Principal Retirement	378,959	0	0	0	(378,959)	0	(378,959)
Interest and Fiscal Charges	35,813	0	0	0	(35,813)	0	(35,813)
<i>Total Governmental Activities</i>	<u>1,069,387</u>	<u>106,654</u>	<u>10,930</u>	<u>0</u>	<u>(951,803)</u>	<u>0</u>	<u>(951,803)</u>
Business Type Activity							
Water	282,857	487,032	0	0	0	204,175	204,175
Sewer	292,790	617,561	0	0	0	324,771	324,771
Debt Service:							
Principal Retirement	221,560	0	0	0	0	(221,560)	(221,560)
Interest and Fiscal Charges	139,299	0	0	0	0	(139,299)	(139,299)
Other Enterprise Funds	238,368	435,699	0	0	0	197,331	197,331
<i>Total Business Type Activities</i>	<u>1,174,874</u>	<u>1,540,292</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>365,418</u>	<u>365,418</u>
Total	<u>\$2,244,261</u>	<u>\$1,646,946</u>	<u>\$10,930</u>	<u>\$0</u>	<u>(\$951,803)</u>	<u>\$365,418</u>	<u>(\$586,385)</u>
General Receipts							
Taxes Levied for:							
General Purposes					\$518,087	\$0	\$518,087
Special Assessments					50	0	50
Cable Franchise Fees					35,249	0	35,249
Grants and Entitlements not Restricted to Specific Programs					285,353	0	285,353
Notes Issued					336,000	0	336,000
Interest					4,643	0	4,643
Miscellaneous					26,525	15,186	41,711
<i>Total General Receipts</i>					<u>1,205,907</u>	<u>15,186</u>	<u>1,221,093</u>
Transfers					<u>0</u>	<u>2,546</u>	<u>2,546</u>
<i>Total General Receipts and Transfers</i>					<u>1,203,361</u>	<u>17,732</u>	<u>1,223,639</u>
Change in Net Assets					251,558	383,150	637,254
<i>Net Assets Beginning of Year</i>					<u>133,858</u>	<u>1,383,413</u>	<u>1,517,271</u>
<i>Net Assets End of Year</i>					<u>\$385,416</u>	<u>\$1,766,563</u>	<u>\$2,154,525</u>

See accompanying notes to the basic financial statements

Village of Waynesville
Warren County
Statement of Cash Receipts, Disbursements and Changes in Modified Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2009

	General Fund	Street M&R	Police Levy	Street Levy	Other Governmental Funds	Total Governmental Funds
Receipts						
Municipal Income Taxes	\$0	\$0	\$0	\$0	\$0	\$0
Property and Other Local Taxes	\$99,689	\$0	\$363,477	\$54,921	\$0	\$518,087
Charges for Services	\$3,550	\$319	\$12,667	\$0	\$0	\$16,536
Fines, Licenses and Permits	\$89,301	\$0	\$125	\$0	\$692	\$90,118
Intergovernmental	\$76,960	\$121,279	\$49,911	\$7,419	\$29,784	\$285,353
Special Assessments	\$0	\$0	\$0	\$0	\$50	\$50
Cable Franchise Fees	\$35,249	\$0	\$0	\$0	\$0	\$35,249
Gifts and Contributions	\$3,430	\$0	\$0	\$0	\$7,500	\$10,930
Interest	\$3,527	\$22	\$25	\$0	\$1,069	\$4,643
Miscellaneous	\$10,283	\$279	\$2,362	\$0	\$13,601	\$26,525
Total Receipts	\$321,989	\$121,899	\$428,567	\$62,340	\$52,696	\$987,491
Disbursements						
Current:						
General Government	\$236,856	\$0	\$9,174	\$784	\$0	\$246,814
Security of Persons and Property	46,819	0	233,131	0	2,558	282,508
Public Health Services	1,731	0	0	0	0	1,731
Leisure Time Activities	0	0	0	0	169	169
Transportation	523	95,597	13,551	3,913	9,809	123,394
Debt Service:						
Principal Retirement	355,667	0	23,292	0	0	378,959
Interest and Fiscal Charges	34,708	0	1,105	0	0	35,813
Total Disbursements	676,304	95,597	280,254	4,697	12,536	1,069,388
<i>Excess of Receipts Over (Under) Disbursements</i>	<i>(354,315)</i>	<i>26,302</i>	<i>148,313</i>	<i>57,643</i>	<i>40,160</i>	<i>(81,898)</i>
Other Financing Sources (Uses)						
Notes Issued	336,000	0	0	0	0	336,000
Transfers In	2,490	7,637	796	0	3,887	14,810
Transfers Out	(3,887)	0	0	0	(13,469)	(17,356)
Total Other Financing Sources (Uses)	334,603	7,637	796	0	(9,582)	333,454
Net Change in Fund Balances	(\$19,711)	\$33,939	\$149,109	\$57,643	\$30,578	\$251,557
Fund Balances Beginning of Year	\$262,547	(\$148,332)	(\$279,822)	\$200,796	\$98,669	\$133,858
Fund Balances End of Year	\$242,836	(\$114,393)	(\$130,713)	\$258,439	\$129,247	\$385,415

See accompanying notes to the basic financial statements

Village of Waynesville
Warren County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund (A01)
For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 107,675	\$ 90,249	\$ 99,689	\$ 9,440
Charges for Services	13,540	2,540	3,550	1,010
Fines, Licenses and Permits	80,458	82,626	89,301	6,675
Intergovernmental/State Shared Taxes	68,698	63,966	76,960	12,994
Cable Franchise Fees	13,000	36,000	35,249	(751)
Gifts and Contributions	-	-	3,430	3,430
Interest	24,000	7,920	3,527	(4,393)
Miscellaneous	1,356	28,744	10,283	(18,461)
<i>Total receipts</i>	<u>\$ 308,727</u>	<u>\$ 312,045</u>	<u>\$ 321,989</u>	<u>\$ 9,944</u>
Disbursements				
Current:				
General Government	\$ 343,936	\$ 275,783	\$ 236,856	\$ 38,927
Security of Persons and Property	44,739	48,364	46,819	1,545
Public Health Services	1,611	1,731	1,731	-
Transportation	523	523	523	-
Debt Service:				
Principal Retirement	372,333	372,333	355,667	16,666
Interest and Fiscal Charges	35,593	35,593	34,708	885
<i>Total Disbursements</i>	<u>\$ 798,735</u>	<u>\$ 734,327</u>	<u>\$ 676,304</u>	<u>\$ 58,023</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>\$ (490,008)</u>	<u>\$ (422,282)</u>	<u>\$ (354,315)</u>	<u>\$ 67,967</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	\$ -	\$ -	\$ -	\$ -
Notes Issued	336,000	336,000	336,000	-
Transfers In	-	-	2,489	2,489
Transfers Out	(49,043)	(3,887)	(3,887)	-
<i>Total Other Financing Sources (Uses)</i>	<u>\$ 286,957</u>	<u>\$ 332,113</u>	<u>\$ 334,602</u>	<u>\$ 2,489</u>
Net Change in Fund Balance	\$ (203,051)	\$ (90,169)	\$ (19,713)	\$ 70,456
Fund Balance Beginning of Year	\$ 262,548	\$ 262,548	\$ 262,548	\$ -
<i>Fund Balance End of Year</i>	<u>\$ 59,497</u>	<u>\$ 172,379</u>	<u>\$ 242,835</u>	<u>\$ 70,456</u>
Prior Year Encumbrances Appropriated	\$ -	\$ (7,206)	\$ (7,206)	\$ -
Fund Balance End of Year with Encumbrances	\$ 59,497	\$ 165,173	\$ 235,629	\$ 70,456

See accompanying notes to the basic financial statements

Village of Waynesville
Warren County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Street Maintenance and Repair Fund (B01)
For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Charges for Services	\$ -	\$ 250	\$ 319	\$ 69
Intergovernmental	133,475	129,063	121,279	(7,784)
<i>Total receipts</i>	<u>\$ 133,475</u>	<u>\$ 129,313</u>	<u>\$121,598</u>	<u>\$ (7,715)</u>
Disbursements				
Current:				
Transportation	\$ 109,281	\$ 110,228	\$ 95,597	\$ 14,631
<i>Total Disbursements</i>	<u>\$ 109,281</u>	<u>\$ 110,228</u>	<u>\$ 95,597</u>	<u>\$ 14,631</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>\$ 24,194</u>	<u>\$ 19,085</u>	<u>\$ 26,001</u>	<u>\$ 6,916</u>
Other Financing Sources (Uses)				
Transfers In	\$ 45,000	\$ 45,000	\$ 7,637	\$ (37,363)
<i>Total Other Financing Sources (Uses)</i>	<u>\$ 45,000</u>	<u>\$ 45,000</u>	<u>\$ 7,637</u>	<u>\$ (37,363)</u>
Net Change in Fund Balance	\$ 69,194	\$ 64,085	\$ 33,638	\$ (30,447)
Fund Balance Beginning of Year	\$ (148,332)	\$ (148,332)	\$ (148,332)	\$ -
<i>Fund Balance End of Year</i>	<u>\$ (79,138)</u>	<u>\$ (84,247)</u>	<u>\$ (114,694)</u>	<u>\$ (30,447)</u>
Prior Year Encumbrances Appropriated	\$ -	\$ (2,964)	\$ (2,964)	\$ -
Fund Balance End of Year with Encumbrances	\$ (79,138)	\$ (87,211)	\$ (117,658)	\$ (30,447)

See accompanying notes to the basic financial statements

Village of Waynesville
Warren County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Police Levy Fund (B20)
For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 270,000	\$ 327,150	\$ 363,477	\$ 36,327
Charges for Services	\$ 11,060	\$ 30,408	\$ 12,667	\$ (17,741)
Fines, Licenses and Permits	\$ -	\$ -	\$ 125	\$ 125
Intergovernmental	\$ 17,801	\$ 62,850	\$ 49,911	\$ (12,939)
Interest	\$ -	\$ -	\$ 25	\$ 25
Miscellaneous	\$ -	\$ 2,173	\$ 2,362	\$ 189
<i>Total receipts</i>	<u>\$ 298,861</u>	<u>\$ 422,581</u>	<u>\$ 428,567</u>	<u>\$ 5,986</u>
Disbursements				
Current:				
General Government	\$ 12,341	\$ 10,346	\$ 9,174	\$ 1,172
Security of Persons and Property	\$ 237,013	\$ 256,103	\$ 233,137	\$ 22,966
Transportation	\$ 16,400	\$ 16,400	\$ 13,549	\$ 2,851
Debt Service:				
Principal Retirement	\$ 23,292	\$ 23,292	\$ 23,292	\$ -
Interest and Fiscal Charges	\$ 1,105	\$ 1,105	\$ 1,105	\$ -
<i>Total Disbursements</i>	<u>\$ 290,151</u>	<u>\$ 307,246</u>	<u>\$ 280,257</u>	<u>\$ 26,989</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>\$ 8,710</u>	<u>\$ 115,335</u>	<u>\$ 148,310</u>	<u>\$ 32,975</u>
Other Financing Sources (Uses)				
Transfers In	\$ -	\$ -	\$ 796	\$ 796
<i>Total Other Financing Sources (Uses)</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 796</u>	<u>\$ 796</u>
Net Change in Fund Balance	\$ 8,710	\$ 115,335	\$ 149,106	\$ 33,771
Fund Balance Beginning of Year	\$ (279,822)	\$ (279,822)	\$ (279,822)	\$ -
<i>Fund Balance End of Year</i>	<u>\$ (271,112)</u>	<u>\$ (164,487)</u>	<u>\$ (130,716)</u>	<u>\$ 33,771</u>
Prior Year Encumbrances Appropriated	\$ -	\$ (3,657)	\$ (3,657)	\$ -
Fund Balance End of Year with Encumbrances	\$ (271,112)	\$ (168,144)	\$ (134,373)	\$ 33,771

See accompanying notes to the basic financial statements

Village of Waynesville
Warren County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Street Levy Fund (B30)
For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Municipal Income Taxes	\$ -	\$ -	\$ -	\$ -
Property and Other Local Taxes	102,836	56,000	54,921	(1,079)
Intergovernmental	4,508	4,508	7,419	2,911
<i>Total receipts</i>	<u>\$ 107,344</u>	<u>\$ 60,508</u>	<u>\$ 62,340</u>	<u>\$ 1,832</u>
Disbursements				
Current:				
General Government	\$ 756	\$ 864	\$ 784	\$ 80
Transportation	40,560	24,560	3,913	20,647
Capital Outlay	60,000	17,000	-	17,000
<i>Total Disbursements</i>	<u>\$ 101,316</u>	<u>\$ 42,424</u>	<u>\$ 4,697</u>	<u>\$ 37,727</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>\$ 6,028</u>	<u>\$ 18,084</u>	<u>\$ 57,643</u>	<u>\$ 39,559</u>
Other Financing Sources (Uses)				
<i>Total Other Financing Sources (Uses)</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<i>Net Change in Fund Balance</i>	\$ 6,028	\$ 18,084	\$ 57,643	\$ 39,559
Fund Balance Beginning of Year	\$ 200,796	\$ 200,796	\$ 200,796	\$ -
<i>Fund Balance End of Year</i>	<u>\$ 206,824</u>	<u>\$ 218,880</u>	<u>\$ 258,439</u>	<u>\$ 39,559</u>
Prior Year Encumbrances Appropriated	\$ -	\$ -	\$ -	\$ -
Fund Balance End of Year with Encumbrances	\$ 206,824	\$ 218,880	\$ 258,439	\$ 39,559

See accompanying notes to the basic financial statements

Village of Waynesville
Warren County
Statement of Cash Receipts,
Disbursements and Changes in Fund Net Assets - Modified Cash Basis
Proprietary Funds
For the Year Ended December 31, 2009

	Business-Type Activities							
	Major Enterprise Funds						Other Enterprise Funds	Total Enterprise Funds
	Water Fund	Sewer Fund	Water Tower Fund	Trash Fund	Water Capital Fund	Sewer Capital Fund		
Operating Receipts								
Charges for Services	\$ 487,032	\$ 617,561	\$ 9,000	\$ 169,375	\$ 131,047	\$ 77,036	\$ 49,241	\$ 1,540,292
Other Operating Receipts	4,721	64	9,092	1,309	-	-	-	15,186
<i>Total Operating Receipts</i>	<u>491,753</u>	<u>617,625</u>	<u>18,092</u>	<u>170,684</u>	<u>131,047</u>	<u>77,036</u>	<u>49,241</u>	<u>1,555,478</u>
Operating Disbursements								
Personal Services	150,081	163,810	0	0	0	0	3,223	317,114
Travel and Transportation	3,444	3,402	0	0	0	0	0	6,846
Contractual Services	107,554	111,681	0	151,911	15,831	(44)	32,112	419,045
Supplies and Materials	19,778	12,897	0	0	0	0	430	33,105
Capital Outlay	2,000	1,000	0	0	34,905	0	0	37,905
<i>Total Operating Disbursements</i>	<u>282,857</u>	<u>292,790</u>	<u>0</u>	<u>151,911</u>	<u>50,736</u>	<u>(44)</u>	<u>35,765</u>	<u>814,015</u>
<i>Operating Income (Loss)</i>	208,896	324,835	18,092	18,773	80,311	77,080	13,476	741,463
Non-Operating Receipts (Disbursements)								
Principal Payments	(3,667)	(107,653)	(13,089)	0	(5,154)	(91,997)	0	(221,560)
Interest and Fiscal Charges	(21,545)	(52,350)	(24,566)	0	(8,883)	(31,955)	0	(139,299)
<i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	(25,212)	(160,003)	(37,655)	0	(14,037)	(123,952)	0	(360,859)
Transfers In	183,684	164,832	(19,563)	18,773	66,274	(46,872)	13,476	380,604
Transfers In	<u>1,685</u>	<u>861</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,546</u>
Change in Net Assets	185,369	165,693	(19,563)	18,773	66,274	(46,872)	13,476	383,150
Net Assets Beginning of Year	209,678	683,490	102,934	26,943	69,232	215,777	75,359	1,383,413
Net Assets End of Year	<u>\$ 395,047</u>	<u>\$ 849,183</u>	<u>\$ 83,371</u>	<u>\$ 45,716</u>	<u>\$ 135,506</u>	<u>\$ 168,905</u>	<u>\$ 88,835</u>	<u>\$ 1,766,563</u>

See accompanying notes to the basic financial statements

Village of Waynesville
Warren County
Statement of Fund Net Assets - Modified Cash Basis
Proprietary Funds
December 31, 2009

	Business-Type Activities				Business-Type Activities			Total Enterprise Funds
	Water Fund	Sewer Fund	Major Enterprise Funds		Water Capital Fund	Sewer Capital Fund	Other Enterprise Funds	
			Water Tower Fund	Trash Fund				
Assets								
Cash	\$ 395,047	\$ 849,183	\$ 83,371	\$ 45,716	\$ 135,506	\$ 168,905	\$ 88,835	\$ 1,766,563
<i>Total Assets</i>	<u>395,047</u>	<u>849,183</u>	<u>83,371</u>	<u>45,716</u>	<u>135,506</u>	<u>168,905</u>	<u>88,835</u>	<u>1,766,563</u>
Net Assets								
Unrestricted	<u>\$ 395,047</u>	<u>\$ 849,183</u>	<u>\$ 83,371</u>	<u>\$ 45,716</u>	<u>\$ 135,506</u>	<u>\$ 168,905</u>	<u>\$ 88,835</u>	<u>\$ 1,766,563</u>

See accompanying notes to the basic financial statements

Village of Waynesville
Warren County
Statement of Fiduciary Net Assets - Modified Cash Basis
Fiduciary Funds
December 31, 2009

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$11,726</u>
<i>Total Assets</i>	<u><u>\$11,726</u></u>
Net Assets	
Unrestricted	<u><u>\$11,726</u></u>

See accompanying notes to the basic financial statements

**VILLAGE OF WAYNESVILLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

Note 1 – Reporting Entity

The Village of Waynesville, Warren County, Ohio (“the Village”), is a body politic and corporate 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 seven-member Council (including the Mayor) elected at large for four-year terms.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Village. The Village provides general government services, water and sewer utilities, maintenance of Village roads and bridges, park operations, and police services.

B. Component Units

Component units are legally separate organizations for which the Village is financially accountable. The Village is financially accountable for an organization if the Village appoints a voting majority of the organization’s governing board and (1) the Village is able to significantly influence the programs or services performed or provided by the organization; or (2) the Village is legally entitled to or can otherwise access the organization’s resources; the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Village is obligated for the debt of the organization. The Village is also financially accountable for any organizations that are fiscally dependent on the Village in that the Village approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Village, are accessible to the Village and are significant in amount to the Village. The Village of Waynesville does not have any component units.

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

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Village does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. Following are the more significant of the Village’s accounting policies.

A. Basis of Presentation

The Village’s basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**VILLAGE OF WAYNESVILLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Note 2 – Summary of Significant Accounting Policies (continued)

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Village that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net assets presents the cash and investment balances of the governmental and business-type activities of the Village at year end. The statement of activities compares disbursements with program receipts for each of the Village's governmental and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on a *modified* cash basis or draws from the Village's general receipts.

Fund Financial Statements

During the year, the Village segregates transactions related to certain Village functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The proprietary fund statements report all other receipts and disbursements as nonoperating.

B. Fund Accounting

The Village uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Village are divided into three categories: governmental, proprietary, and fiduciary.

Governmental Funds

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Village's major governmental funds are the General Fund, the Police Levy, the Street Maintenance and Repair and the Street Levy.

The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio. The other governmental funds of the Village account for grants and other resources whose use is restricted to a particular purpose.

**VILLAGE OF WAYNESVILLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Note 2 – Summary of Significant Accounting Policies (continued)

The Police Levy revenues come from a 5.5 mil levy approved by voters on November 4, 2003. The levy language reads as follows:

A replacement tax for the benefit of Waynesville Village, Warren County, Ohio, for the purpose of PROVIDING AND MAINTAINING MOTOR VEHICLES, COMMUNICATIONS, AND OTHER EQUIPMENT USED DIRECTLY IN THE OPERATIONS OF A POLICE DEPARTMENT, AND THE PAYMENT OF SALARIES AND BENEFITS OF PERMANENT POLICE PERSONNEL, at a rate not exceeding five and five-tenths (5.5) mills for each one dollar of valuation, which amounts to fifty-five (\$0.55) cents for each one hundred dollars of valuation, for a period of five (5) years, commencing in 2004, first due in calendar year 2005. Village residents passed a replacement levy on November 4, 2008 modifying the levy millage to 1.0 mills.

The Street Levy revenues come from a 2.5 mil levy approved by voters on November 4, 2003. The levy language reads as follows:

A renewal of a tax for the benefit of the Village of Waynesville for the purpose of THE GENERAL CONSTRUCTION, RECONSTRUCTION, RESURFACING, AND REPAIR OF STREETS, ROADS, AND BRIDGES, at a rate not to exceed two and five-tenths (2.5) mills for each one dollar of valuation, which amounts to twenty-five (\$0.25) cents for each one hundred dollars of valuation, for a period of five (5) years, commencing in 2004, first due in calendar year 2005.

Village residents passed a replacement levy on November 4, 2008 modifying the levy millage to 1.0 mills.

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.

State Highway Fund – This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets, to erect and maintain street and traffic signs, and to pay the cost of removal of snow, ice, and leaves from Village streets.

Parks and Recreation Fund – This fund receives revenue from a fee that is paid per the Village subdivision code by new developments for playground equipment, summer camps, and other activities.

Village Add-on MVL Tax Fund - This fund receives an annual license tax levied upon the operation of motor vehicles on the public roads for maintaining and repairing Village streets.

Drug Enforcement and Education – This fund receives revenue from DUI fines and items confiscated during a felony drug arrest for drug enforcement and education programs, particularly at schools.

Permissive Tax – This fund receives revenue from the State of Ohio and Warren County and is used for paving and rehabilitating Village streets.

**VILLAGE OF WAYNESVILLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Note 2 – Summary of Significant Accounting Policies (continued)

Proprietary Funds

The Village classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as enterprise.

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Village's major enterprise funds are the water and sewer funds.

Water Fund - The water fund accounts for the provision of water to the residents and commercial users located within the Village, and these funds are the secondary source used to maintain the infrastructure necessary for the delivery of those services.

Water Capital Improvement Fund - The water capital improvement fund accounts for the provision of water to the residents and commercial users located within the Village, and these funds are the primary source used to maintain the infrastructure necessary for the delivery of those services.

Sewer Fund - The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village, and these funds are the secondary source used to maintain the infrastructure necessary for the delivery of those services.

Sewer Capital Improvement Fund - The sewer capital improvement fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village, and these funds are the primary source used to maintain the infrastructure necessary for the delivery of those services.

Fiduciary Funds

Fiduciary funds include pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The only Fiduciary Fund the Village has is the Mayor's Court.

C. Basis of Accounting

The Village's financial statements are prepared using the modified cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Village are described in the appropriate section in the notes.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

**VILLAGE OF WAYNESVILLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Note 2 – Summary of Significant Accounting Policies (continued)

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Village Council may appropriate.

The appropriations ordinance is the Village Council's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Village Council. The legal level of control has been established at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Clerk. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Village Council.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Village Council during the year.

E. Cash and Investments

Village records identify the purchase of specific investments by specific funds.

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 negative receipts, respectively.

During 2009, the Village invested in nonnegotiable certificates of deposit, U.S. Treasury Bills, a money market fund, and STAR Ohio. The nonnegotiable certificates of deposit and the U.S. Treasury Bills are reported at cost. The Village's money market fund investment is recorded at the amount reported by Merrill Lynch and Morgan Stanley at December 31, 2009.

STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2009.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2009 was \$3,527.

**VILLAGE OF WAYNESVILLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Note 2 – Summary of Significant Accounting Policies (continued)

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Village does not have any restricted assets as of December 31, 2009.

G. Inventory and Prepaid Items

The Village reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

I. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's modified cash basis of accounting. Examples of unpaid leave that would be paid out when an employee leaves employment are vacation and comp time.

J. Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 10 and 11, the employer contributions include portions for pension benefits and for postretirement health care benefits.

K. Long-Term Obligations

The Village's modified cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither other financing sources nor capital outlay expenditures are reported at inception. Lease payments are reported when paid.

L. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The Village does not have any net assets restricted for other purposes.

The Village's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

N. Fund Balance Reserves

The Village reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. The Village does not have any fund balance reserves that have been established for encumbrances as of December 31, 2009.

**VILLAGE OF WAYNESVILLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Note 2 – Summary of Significant Accounting Policies (continued)

O. Interfund Transactions

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements. The Village had transfers during 2009.

Note 3 – Change in Basis of Accounting and Restatement of Fund Equity

The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type.

Note 4 – Accountability and Compliance

A. Accountability

The Police Levy fund is currently in a deficit. Management has begun to focus on decreased spending and is allowing the General fund to take some of the burden off the Police Levy fund. Heavy dependence on the General fund cannot continue indefinitely, so Management must consider ways to increase the income for the Police Department.

The Street Maintenance and Repair fund is currently in a deficit as well. Management has focused on ensuring that expenditures are taken out of the appropriate fund, as well as decreased spending. The current language of the Street Levy fund does not allow many day-to-day expenses (salaries, benefits, telephone, long distance, electric, and gasoline) to be paid out of that fund.

B. Compliance

The Finance Department has also failed to ensure that expenditures did not exceed appropriations or fund balance. Management is monitoring the appropriations monthly to ensure that they are amended before expenditures exceed appropriations.

Waynesville Village Council, Village Manager, and Finance Director are working hard to ensure that the Village finances remain in compliance with the Ohio Revised Code and Ohio State Laws.

Note 5 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General fund, Police Levy fund, and Street Levy fund is on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference(s) between the budgetary basis and the modified cash basis is (are) outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (modified cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$7,206 for the General Fund, \$2,963 for the Street Maintenance and Repair Fund, and \$3,657 for the Police Levy fund.

**VILLAGE OF WAYNESVILLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Note 6 – Deposits and Investments

Monies held by the Village are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Village can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

**VILLAGE OF WAYNESVILLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Note 6 - Deposits and Investments (continued)

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Investments

GASB Statement No. 40 establishes and modifies disclosures related to investment risks: interest rate risk, credit risk (including custodial credit risk and concentration of credit risk) and foreign currency risk.

As of December 31, 2009, the Village had the following investments:

	Carrying Value	Maturity
Money Market Mutual Fund	12,859	Average
STAR Ohio	71,313	Average
Total Portfolio	\$84,172	

Interest rate risk arises because the fair value of investments changes as interest rates change. The Village's investment policy addresses interest rate risk by requiring that the Village's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding the need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

The Money Market Fund carries a rating of AAA by Duff & Phelps's Credit Rating Company and STAR Ohio carries a rating of AAAm by Standard and Poor's. The Village has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The U.S. Treasury Bills are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the Village's name. The Village has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

Note 7 – Income Taxes

Due to the necessity of a working Fiscal Emergency Recovery Plan on December 21, 2009, Council imposed the income tax for five years, starting July 1, 2010.

**VILLAGE OF WAYNESVILLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Note 8 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Real property tax receipts received in 2009 represent the collection of 2008 taxes. Real property taxes received in 2009 were levied on the assessed values as of January 1, 2008, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due in February; if paid semiannually, the first payment is due in February, with the remainder payable by the end of July.

Public utility property tax receipts received in 2009 represent the collection of 2008 taxes. Public utility real and tangible personal property taxes received in 2008 became a lien on December 31, 2007, were levied after October 1, 2008, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2009 (other than public utility property) represent the collection of 2007 taxes. Tangible personal property taxes received in 2009 were levied after October 1, 2008, on the true value as of December 31, 2008. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Village operations for the year ended December 31, 2009, was \$8.16 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2009 property tax receipts were based are as follows:

Real Property	
Residential/Agricultural	\$46,287,030
Commercial/Industrial/Mineral	10,220,000
Tangible Personal Property	
Business	161,440
Public Utility Personal	767,250
Total Assessed Value	<u><u>\$57,435,720</u></u>

**VILLAGE OF WAYNESVILLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Note 9 – Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2009, the Village contracted with several companies for various types of insurance coverage as follows:

Company	Type of Coverage	Amount of Coverage
Swartzel Affiliated Insurance Co.	Commercial Property	\$9,089,288
	General Liability	5,000,000
	Commercial Crime	150,000
	Inland Marine	134,700
	Vehicle	5,000,000
	Public Officials	5,000,000
	Fidelity and Deposit	250,000

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

Note 10 – Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS provides retirement, disability, and survivor benefits as well as post-employment health care coverage to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post-employment Benefit (OPEB) as described in GASB Statement 12.

A portion of each employer's contribution to OPERS is set aside for the funding of post-employment health care. The Ohio Revised Code provides statutory authority for employer contributions. In 2009, state and local employers contributed at a rate of 14.00% of covered payroll and public safety and law enforcement employer units contributed at 17.63%. The portion of employer contributions allocated to health care was 7.00% from January 1 through March 31, 2009 and 5.5% from April 1 through December 31, 2009.

B. The Ohio Revised Code provides the statutory authority requiring public employers to fund post-employment health care through their contributions to OPERS.

**VILLAGE OF WAYNESVILLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Note 10 – Defined Benefit Pension Plans (continued)

C. Summary of Assumptions:

Actuarial Review — The assumptions and calculations below were based on OPERS' latest actuarial review performed as of December 31, 2008.

Funding Method — The individual entry age actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability.

Assets Valuation Method — All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach, assets are adjusted to reflect 25% of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12% corridor.

Investment Return — The investment assumption rate for 2008 was 6.50%.

Active Employee Total Payroll — An annual increase of 4.00%, compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. In addition, annual pay increases over and above the 4.00% base increase, were assumed to range from 0.50% to 6.30%.

Health Care — Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 0.50% to 3% for the next 6 years. In subsequent years, (7 and beyond) health care costs are assumed to increase at 4% (the projected wage inflation rate).

D. OPEB is advance-funded on an actuarially determined basis. The following disclosures are required:

1. The Traditional Pension and Combined Plans had 357,584 active contributing participants as of December 31, 2009. The number of active contributing participants for both plans used in the December 31, 2008, actuarial valuation was 356,388.

2. The rates stated in Section A, above, are the contractually required contribution rates for OPERS. As part of this disclosure, it will be necessary for the employer to disclose the employer contributions actually made to fund post-employment benefits. The portion of your employer contributions that were used to fund post-employment benefits can be approximated by multiplying actual employer contributions for January 1 through March 31, 2009 by 0.5000 for both state and local employers and 0.3971 for both law enforcement and public safety employers. For the period April 1 through December 31, 2009, multiply the actual employer contributions by 0.3929 for both state and local employers and 0.3120 for both law enforcement and public safety employers.

3. The amount of \$10.7 billion represents the actuarial funding value of OPERS' net assets available for OPEB at December 31, 2008.

4. Based on the actuarial cost method used, the Actuarial Valuation as of December 31, 2008, reported the actuarially accrued liability and the unfunded actuarially accrued liability for OPEB at \$29.6 billion and \$18.9 billion, respectively.

**VILLAGE OF WAYNESVILLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Note 10 – Defined Benefit Pension Plans (continued)

E. OPERS Retirement Board Implements its Health Care Preservation Plan.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates for state and local employers increased on January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

A. Ohio Public Employees Retirement System (OPERS) administers three separate pension plans as described below:

1. The Traditional Pension Plan - a cost sharing, multiple-employer defined benefit pension plan.
2. The Member-Directed Plan - a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.
3. The Combined Plan - a cost sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

B. OPERS provides retirement, disability, survivor and death benefits and annual cost-of living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits.

C. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

D. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

E. The Ohio Revised Code provides statutory authority for member and employer contributions. For 2009, member and employer contribution rates were consistent across all three plans. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan.

The 2009 member contribution rates were 10.0% for members in state and local classifications. Public safety and law enforcement members contributed 10.1%.

The 2009 employer contribution rate for state and local employers was 14.00% of covered payroll. For both the law enforcement and public safety divisions, the employer contribution rate for 2009 was 17.63%.

F. Total required employer contributions for all plans are equal to 100% of employer charges. The Village of Waynesville contributed \$61,230 in 2009.

The full amount has been contributed for 2009, 2008, and 2007.

**VILLAGE OF WAYNESVILLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Note 10 – Defined Benefit Pension Plans (continued)

B. Ohio Police and Fire Pension Fund

The Village contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations while the Village is required to contribute 19.5 percent for police officers. Contributions are authorized by State statute. The full amount has been contributed for 2009, 2008, and 2007.

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 19.5% of full-time police members' wages. For 2007 and 2006, OPERS members contributed 9.5% and 9.0%, respectively, of their gross salaries and the Village contributed an amount equaling 13.7% and 13.55%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2009. The Village's actual employer contributions for 2009 were \$16,901 for police.

Note 11 - Postemployment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2008 local government employer contribution rate was 14 percent of covered payroll (17.40% percent for public safety and law enforcement).

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2007, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care premiums were assumed to increase between 1.00 and 6.00 percent annually for the next eight years and 4.00 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

**VILLAGE OF WAYNESVILLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Note 11 - Postemployment Benefits (continued)

The number of active contributing participants in the traditional and combined plans was 29. Actual employer contributions for 2008 which were used to fund postemployment benefits were \$58,507. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2007, (the latest information available) were \$83.6 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

B. Ohio Police and Fire Pension Fund

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school full-time or on a 2/3 basis.

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in *GASB Statement No. 12*. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis.

The total police employer contribution rate is 19.5 percent of covered payroll. In addition, since July 1, 1992, most retirees and survivors have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

Note 12 - Notes Payable

A summary of the note transactions for the year ended December 31, 2009, follows:

	Interest Rate	Balance December 31, 2008	Additions	Reductions	Balance December 31, 2009
<u>Governmental Activities</u>					
<u>Tax Anticipation Note</u>					
2004 Issue (Police Levy)	3.5%	\$15,000	\$0	\$15,000	\$0
<u>Bond Anticipation Note</u>					
2008 Issue	3.75%	\$352,000	\$0	\$352,000	\$0
<u>Bond Anticipation Note</u>					
2009 Issue	3.75%	\$0	\$336,000	\$0	\$336,000
Total Notes Payable		\$367,000	\$336,000	\$367,000	\$336,000

**VILLAGE OF WAYNESVILLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Note 12 - Notes Payable (continued)

The Tax Anticipation Note (2004) was issued by the Police Department in anticipation of revenue from the Police Levy. All note proceeds had been spent as of December 31, 2009. The tax anticipation note is paid from tax revenues collected semi-annually for the Village of Waynesville by the Warren County Treasurer.

The Bond Anticipation Note was issued for the land where the Government Center is located. All note proceeds was spent as of December 31, 2009. The bond anticipation note is paid from general revenues collected by the Village.

Note 13 – Debt

The Village's long-term debt activity for the year ended December 31, 2009, was as follows:

	Interest Rate	Balance December 31, 2008	Additions	Reductions	Balance December 31, 2009	Due Within One Year
General Obligation Bonds 2004 Issue	5.30%	\$1,222,000	\$0	\$11,000	\$1,211,000	\$39,092
2001 OWDA Loan #2566	2.50%	\$2,556,411	\$0	\$185,143	\$2,371,268	\$247,904
2001 OWDA Loan #3235	6.41%	\$386,463	\$0	\$13,089	\$373,374	\$37,655
2001 OWDA Loan #3984	5.01%	\$178,587	\$0	\$5,154	\$173,433	\$14,037
2000 OPWC Loan #CJ08B	0.00%	\$249,320	\$0	\$10,840	\$238,480	\$21,680
Total Debt		<u>\$4,592,781</u>	<u>\$0</u>	<u>\$225,226</u>	<u>\$4,367,555</u>	<u>\$360,368</u>

The general obligation bonds are supported by the full faith and credit of the Village and are payable from unvoted property tax receipts to the extent that other resources are not available to meet annual principal and interest payments.

The Ohio Water Development (OWDA) Loan #2566 relates to wastewater treatment plant improvements required to maintain the system. The loan will be repaid in semiannual installments of \$123,951.78, including interest over 20 years. The loan is secured by sewer receipts and sewer capital improvement receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development (OWDA) Loan #3235 relates to an elevated storage tank for retaining water. The loan will be repaid in semiannual installments of \$18,827.26, including interest over 20 years. The loan is secured by water tower receipts and tap-in fees. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Water Development (OWDA) Loan #3984 relates to well field improvement. The loan will be repaid in semiannual installments of \$7018.74, including interest over 20 years. The loan is secured by water receipts and water capital improvement receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

**VILLAGE OF WAYNESVILLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Note 13 – Debt (continued)

The Ohio Public Works Commission (OPWC) Loan #CJ08B relates to wastewater treatment plant improvements required to maintain the system. The loan will be repaid by semiannual payments of \$10,840.00 over 20 years. The loan is secured by sewer receipts and sewer capital improvement receipts. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

The following is a summary of the Village's future annual debt service requirements:

Year	G.O. Bonds		OWDA Loans		OPWC Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$7,000	\$32,092	\$209,157	\$90,438	\$21,680	\$0
2011	15,000	63,627	215,115	84,481	21,680	0
2012	17,000	62,805	221,265	78,330	21,680	0
2013	20,000	61,851	227,617	71,979	21,680	0
2014	23,000	60,765	234,176	65,419	21,680	0
2015–2019	166,000	281,457	1,277,193	220,785	108,400	0
2020–2024	276,000	225,144	441,700	64,663	10,840	0
2025–2029	418,000	135,548	91,851	8,972	0	0
2030–2034	269,000	21,783	0	0	0	0
Totals	\$1,211,000	\$945,072	\$2,918,074	\$685,067	\$227,640	\$0

The Ohio Revised Code provides that net general obligation debt of the Village, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Village. The Revised Code further provides that total voted and unvoted net debt of the Village less the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation.

Note 14 – Leases

The Village leases buildings, vehicles and other equipment under noncancelable leases. The current leases outstanding are leases on the 2007 police cruiser and a Ricoh copier. The Village disbursed \$14,018 to pay lease costs for the year ended December 31, 2009. Future lease payments are as follows:

Year	Amount
2009	\$5,145
2010	\$5,145
Total	\$10,290

**VILLAGE OF WAYNESVILLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Note 15 – Interfund Transfers

During 2009, the following transfers were made:

Transfers from the General Fund to:	
Historic Preservation Fund	\$2,402
Sidewalk Assessment Fund	1,485
Total Transfers from the General Fund	<u>\$3,887</u>

Transfers from the Federal Grants Fund to:	
General Fund	\$2,489
Street Maintenance & Repair Fund	7,637
Police Levy Fund	796
Water Fund	1,685
Sewer Fund	862
Total Transfers from the Federal Grants Fund	<u>\$13,469</u>

Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. To cover deficit fund balances, the General Fund transferred \$2,402 to the Historic Preservation Fund and \$1,485 to the Sidewalk Assessment Fund.

The Federal Grants Fund received revenue due to Hurricane Ike. The funds receiving transfers assisted with the cleanup in the corresponding amounts transferred.

Note 16 – Contingent Liabilities

The Village is defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, they believe the resolution of these matters will not materially adversely affect the Village's financial condition.

Note 17 – Public Entity Risk Pool

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

The Village insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2009, PEP retained \$350,000 for casualty claims and \$150,000 for property claims.

**VILLAGE OF WAYNESVILLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Note 17 – Public Entity Risk Pool (continued)

The aforementioned casualty and property reinsurance agreement does not discharge PEP’s primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP’s financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2009 and 2008 (the latest information available):

	<u>2009</u>	<u>2008</u>
Assets	\$36,374,898	\$35,769,535
Liabilities	<u>(15,256,862)</u>	<u>(15,310,206)</u>
Net Assets	<u>\$21,118,036</u>	<u>\$20,459,329</u>

At December 31, 2009 and 2008, respectively, the liabilities above include approximately \$14.1 million and \$13.7 million of estimated incurred claims payable. The assets above also include approximately \$13.7 million and \$12.9 million of unpaid claims to be billed to approximately 447 member governments in the future, as of December 31, 2009 and 2008, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2009, the Government’s share of these unpaid claims collectible in future years is approximately \$36,000.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u>Contributions to PEP</u>	
<u>2009</u>	<u>2008</u>
\$38,127	\$42,846

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year’s contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

**VILLAGE OF WAYNESVILLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(Continued)**

Note 18 – Going Concern

The Village began experiencing financial difficulties and requested assistance from the Auditor of State. Upon further review of the Village's records, the Village was placed in fiscal emergency by the Auditor of State on April 15, 2008.

The negative cash fund balances were covered primarily by the cash balance in the Enterprise Funds.

The Village had 120 days after going into fiscal emergency to have a plan submitted to the Auditor of State, Local Government Services Division (LGS). The recovery plan was approved by Village Council on November 17, 2008, and then the Fiscal Emergency Recovery Commission approved the plan on November 20, 2008. Since that time, Village officials have been following the plan.

	fund emerges from deficit balance
Street Maintenance and Repair B01	2011
Police Levy B20	2012

The Village passed replacement levies for the police and street levies in November 2008. The increase in millage for the Police Levy Fund will permit the deficit fund balance to correct itself without transfers from the general fund. The Street Maintenance and Repair Fund and the Sidewalk Assessment Fund will require a transfer of monies from the General Fund.

For more information, refer to the Recovery Plan (Ordinance 2008-049).



Dave Yost • 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 Waynesville
Warren County
1400 Lytle Road
Waynesville, Ohio 45068

To the Village Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village as of and for the years ended December 31, 2010 and 2009, which collectively comprise the Village's basic financial statements and have issued our report thereon dated May 24, 2012 wherein we qualified the opinion for fiscal year ending December 31, 2010 for the Sewer Capital Fund due to the Village reporting incorrect beginning and ending net assets and we noted the Village uses a comprehensive accounting basis other than generally accepted accounting principles. The Auditor of State served during the years ended December 31, 2010 and 2009 as the Village's financial supervisor under Ohio Rev. Code §118.05 (G). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State may assume broad management powers, duties and functions under Ohio Rev. Code §118.04. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 118.05 (G) requires the Auditor of State to provide these supervisory services, and Ohio Revised Code §117.11(A) mandates the Auditor of State to audit Ohio governments. We also noted that the Village has suffered recurring losses that raise substantial doubt about its ability to continue as a going concern. 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 the purpose of expressing our opinions on the financial statements, but not for the purpose of opining 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 certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

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 findings 2010-02, 2010-05, and 2010-06 described in the accompanying schedule of findings to be material weaknesses.

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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2010-01, 2010-03, and 2010-04.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated May 24, 2012.

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Village's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of management, the audit committee, Village Council and others within the Village. We intend it for no one other than these specified parties.



Dave Yost
Auditor of State

May 24, 2012

**VILLAGE OF WAYNESVILLE
WARREN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009**

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

FINDING NUMBER 2010-01

Finding for Recovery

State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951), provides that expenditures made by a governmental unit should serve a public purpose. Typically the determination of what constitutes a "proper public purpose" rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Even if a purchase is reasonable, Ohio Attorney General Opinion 82-006 indicates that it must be memorialized by a duly enacted ordinance or resolution and may have a prospective effect only. Auditor of State Bulletin 2003-005 Expenditure of Public Funds/Proper "Public Purpose" states that governmental entities may not make expenditures of public monies unless they are for a valid public purpose. First, the expenditure is required for the general good of all inhabitants and second, the primary objective of the expenditure is to further a public purpose, even if an incidental private end is advanced.

On the advice of legal counsel, the Village Council on November 15, 2010 authorized the Village Finance Director, Staci Morris, to issue a check to Village Employee Doug Furnas (retired, and currently works part-time for the Village) in the gross amount of \$1,152. This check was issued as a onetime bonus to Mr. Furnas in relation to a Finding for Recovery issued against him in the prior audit. Counsel advised in an e-mail to the village finance director that this would allow Mr. Furnas to repay the finding without having to actually pay anything back. Counsel stated in the e-mail that the "Village pays the bonus and Doug signs the check back over to the Village or something like that." The net proceeds of this check, \$854, were then returned by Mr. Furnas to the Village as repayment for the Finding for Recovery that was currently outstanding against him in relation to an overpayment from the prior audit period. The payment of public funds to reimburse an amount paid under a finding for recovery is not a proper use of public funds.

In accordance with the foregoing facts and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Doug Furnas in the amount of \$1,152, and in favor of the Village of Waynesville General Fund.

Additionally, under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is made is liable for the amount of such expenditure. *Seward v. National Surety Co.* (1929), 120 Ohio St. 47; 1980 Op. Att'y Gen. No. 80-074; Ohio Rev. Code Section 9.39; *State, ex. rel. Village of Linndale v. Masten* (1985), 18 Ohio St.3d 228. Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property. 1980 Op. Att'y Gen. No. 80-074.

Staci Morris, Village Finance Director, signed the check # 5681 resulting in the illegal expenditure. Therefore, Staci Morris and her bonding company, EMC Insurance Companies, are jointly and severally liable for approving the payment, in the amount of \$1,152, and in favor of the Village of Waynesville General Fund to the extent that recovery is not obtained from Doug Furnas.

**FINDING NUMBER 2010-01
(Continued)**

Officials' Response:

The Finding for Recovery is incorrect when it states that the bonus was issued 'in relation to a Finding of Recovery issued against him in the prior audit.' Rather, as is clear from the face of the ordinance adopted by Council (Ordinance 2010-036), the Village Council determined that Mr. Furnas deserved a bonus for "his dedicated and outstanding employment with the Village." That should be sufficient to demonstrate a proper public purpose for the expenditure. The fact that Mr. Furnas used that bonus payment to repay a prior Finding for Recovery has no bearing on whether the expenditure was for a lawful public purpose.

Mr. Furnas's payment was for his outstanding employment with the Village. Any guidance from Village legal counsel about the procedure of how Doug may use that money to repay the Village for a finding of recovery should have been confidential, and in any event, is not reflected in the purpose of the legislation. When making a determination of proper public purpose, the legislation should stand on its face.

AOS Conclusion:

E-mails from the Village legal counsel were provided to the Auditor of State by the Village Finance Director with other documentation supporting the bonus. In an email dated October 21, 2010, Village legal counsel stated "we still need to do something about the finding for recovery against Doug Furnas. I think Council would like to get this resolved in a way so that Doug would not actually have to pay anything back." Furthermore, the Village's legal counsel in the same email stated that he had drafted an ordinance to approve a bonus and asks "will this fly with the auditor?" The Finance Director of the Village replied in an email dated October 21, 2010 that her bonding company inquired about the finding and she stated that she updated her bonding agent on the situation and would send the ordinance when passed by the Village Council and asked if they should treat the payment like any other payment. Village legal counsel replied later that morning stating that it should be treated like any other payment and that they should not mention the finding for recovery, but if Council wants to discuss it they may. Also, in the same email, Village legal counsel stated that before this happens, "Doug should understand what is going on."

The Auditor of State believes that the communication between the Village's legal counsel and the Finance Director clearly indicates that the intent of the bonus was to reimburse Mr. Furnas for the finding for recovery issued in the prior audit. Furthermore, the net amount of the bonus equaled the finding for recovery issued in the previous audit on advice of legal counsel further indicates the intent of the payment; to pay for the finding for recovery and not for public service as the ordinance or counsel now suggests. Therefore, the payment is not for a proper public purpose.

FINDING NUMBER 2010-02

Material Weakness

When designing the public office's system of internal control and the specific control activities, management should consider ensuring that accounting records are properly designed, verifying the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records, and performing analytical procedures to determine the reasonableness of financial data.

**FINDING NUMBER 2010-02
(Continued)**

The Village lacks management oversight to ensure the accurate posting of financial activity as illustrated by the following conditions:

- In 2009, the Village improperly posted debt payments totaling \$25,211 in the Water Fund to Operating Disbursements - Debt Service instead of Non-Operating Disbursements - Principal and Non-Operating Disbursements-Interest.
- In 2009, the Village improperly posted debt payments totaling \$160,003 in the Sewer Fund to Operating Disbursements - Debt Service instead of Non-Operating Disbursements - Principal and Non-Operating Disbursements-Interest.
- In 2009, the Village improperly posted debt payments totaling \$37,655 in the Water Tower Fund to Operating Disbursements - Debt Service instead of Non-Operating Disbursements - Principal and Non-Operating Disbursements-Interest.
- In 2009, the Village improperly posted debt payments totaling \$14,037 in the Water Capital Fund to Operating Disbursements - Debt Service instead of Non-Operating Disbursements - Principal and Non-Operating Disbursements-Interest.
- In 2009, the Village improperly posted debt payments totaling \$123,952 in the Sewer Capital Fund to Operating Disbursements - Debt Service instead of Non-Operating Disbursements - Principal and Non-Operating Disbursements-Interest. The debt was properly posted in 2010.

Adjustments were posted to the financial statements and Village ledgers, where appropriate, to correct the above misclassifications and audit adjustments.

The lack of management oversight to ensure the accurate posting of financial transactions could result in material misstatements in the Village ledgers and financial statements. To improve the accuracy of Village ledgers and financial statements, we recommend that all financial activity be posted in accordance with the Village Officer's Handbook available at:

www.auditor.state.oh.us/services/lgs/publications/LocalGovernmentManualsHandbooks/village_officers_handbook.pdf

Officials' Response:

At the request of Auditor of State Local Government Services in late 2009, the Village of Waynesville corrected the chart of accounts and since that time has been posting the debt and interest separately.

FINDING NUMBER 2010-03

Material Noncompliance

Ohio Revised Code, Section 118.13, states that appropriations must be in accordance with the Village's Financial Recovery Plan. The Village was declared in Fiscal Emergency on April 15, 2008. The assurances noted in the plan state that "the Village will conform to statutes with respect to tax budgets and appropriation measures". Contrary to their financial plan, the Village did not meet the requirements of **Ohio Revised Code, Section 5705.36(A)(4)**.

**FINDING NUMBER 2010-03
 (Continued)**

Ohio Revised Code, Section 5705.36(A)(4), states that upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the fiscal officer shall certify the amount of the deficiency to the commission, and the commission shall certify an amended certificate reflecting the deficiency.

Appropriations exceeded actual resources at December 31 as follows:

Year	Fund	Approved Appropriations	Available Resources	Variance
2009	Street Maintenance & Repair	\$112,536	\$(28,101)	\$(140,637)
2009	Police Levy	307,385	151,769	(155,616)
2009	Street Light	37,234	35,801	(1,433)
2009	Sewer Capital Improvement	274,990	168,861	(106,129)
2010	Street Maintenance & Repair	71,036	8,934	(62,102)
2010	Parks and Recreation	1,000.00	942	(58)
2010	Police Levy	306,157	267,958	(38,199)
2010	Street Light	37,502	36,435	(1,067)
2010	Sewer Capital Improvement	238,561	119,096	(119,465)

Failure to properly obtain amended certificates when the amount of deficiency will reduce available resources below the current level of appropriations can result in overspending and negative fund balances. We recommend that the Village monitor estimated and actual receipts and obtain amendments when appropriate.

Officials' Response:

The fact that Auditor of State's "approved appropriations" calculation includes the previous year's encumbrances with the current year's appropriations was brought to the Village's attention and has been corrected for future years. The Village keeps year-end encumbrances to the bare minimum now to ensure this finding is not repeated in the future.

At no point did the Village of Waynesville spend more than the available resources in any fund, except those with a negative starting balance (Street Maintenance and Repair Fund and the Police Levy Fund).

The Village Council and administration diligently follow a recovery plan that ensures that no deficit balances occur in the next five years. This recovery plan is first approved by Council, and then approved by the Governor's Supervisory Financial Oversight Commission.

The fund balances and budgetary position are monitored monthly by Council and at least bimonthly by the Governor's Supervisory Financial Oversight Commission. Since the Village has been placed in fiscal emergency, the Commission has consistently praised Village Council for following the recovery plan and using available resources wisely.

FINDING NUMBER 2010-04

Material Noncompliance

Ohio Revised Code, Section 118.13, states that appropriations must be in accordance with the Village's Financial Recovery Plan. The Village was declared in Fiscal Emergency on April 15, 2008. The assurances noted in the plan state that "the Village will conform to statutes with respect to tax budgets and appropriation measures". Contrary to their financial plan, the Village did not meet the requirements of **Ohio Revised Code, Section 5705.39**.

Ohio Revised Code, Section 5705.39, states that total appropriations from each fund shall not exceed the total estimated resources. No appropriation measure is effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

Appropriations exceeded estimated resources in the following funds as follows:

Year	Fund	Appropriations	Estimated Resources	Variance
2009	Street Maintenance & Repair	\$112,536	\$24,312	\$(88,224)
2009	Policy Levy	307,385	145,783	(161,602)
2009	Street Light	37,234	37,099	(135)
2009	Sewer Capital Improvement	274,990	202,256	(72,734)
2010	Street Maintenance & Repair	71,036	6,644	(64,392)
2010	Police Levy	306,157	286,675	(19,482)
2010	Sewer Capital Improvement	238,561	115,873	(122,688)

Total appropriations exceeding estimated resources could result in negative fund balances. We recommend that Village personnel and the Council review budgetary compliance on a monthly basis and make amendments as required.

Officials' Response:

The fact that Auditor of State's appropriations calculation includes the previous year's encumbrances with the current year's appropriations was brought to the Village's attention and has been corrected for future years. The Village keeps year-end encumbrances to the bare minimum now to ensure this finding is not repeated in the future.

At no point did the Village of Waynesville spend more than the available resources in any fund, except those with a negative starting balance (Street Maintenance and Repair Fund and the Police Levy Fund).

FINDING NUMBER 2010-05

Material Weakness

When designing the public office's system of internal control and the specific control activities, management should consider ensuring that accounting records are properly designed, verifying the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records, and performing analytical procedures to determine the reasonableness of financial data.

The Village lacks management oversight over their financial statement preparation process. This is evidenced by the following conditions. See also Finding 2010-02 for errors and adjustments to the final financial statements.

FINDING NUMBER 2010-05
(Continued)

Financial Statement Drafts

- During the course of the audit, auditors presented financial statement corrections to the Village. The Village then resubmitted financial statements with uncorrected errors or new errors. The Village presented five drafts of the 2009 financial statements and notes to the financial statements and three drafts of the 2010 financial statements and notes to the financial statements. The drafts for both 2009 and 2010 contained numerous financial statement calculation and formatting errors, inconsistencies, errors in the notes to the financial statements, and errors in the Management Discussion and Analysis.

Management's Discussion and Analysis Errors

- The 2010 Management's Discussion and Analysis contains immaterial mathematical errors.
- Amounts disclosed in Table 2 in the 2010 Management's Discussion and Analysis do not match to amounts noted in the accompanying financial statements.
- The Debt section of the 2010 Management's Discussion and Analysis should refer users to Notes 12 and 13 to the basic financial statements instead of Note 15.

Financial Statement Errors

- The Village did not disclose \$84,258 in investments in an initial draft of the 2010 Statement of Net Assets. The Village corrected this disclosure in the final statement.
- The 2009 Statement of Net Assets Cash and Investments does not properly reconcile to the Village's accounting records. Total Cash and Investments should be disclosed at \$2,157,658, however, the Village disclosed \$2,151,973. The Village did not correct the statement due to the error being immaterial.
- The Village did not include all Business Type Activity Disbursements in the 2009 Statement of Activities. The Village posted audit adjustments to include debt service payments. Also, the 2009 Statement of Activities has not been corrected to reflect a Transfer Out to Governmental Activities in the amount of \$2,546 due to the error being immaterial.
- The 2010 Statement of Activities should report Net Assets Beginning of Year of \$390,878 for Governmental Activities and \$1,766,780 for Business-Type Activities; however, it reports Net Assets Beginning of year of \$385,416 and \$1,766,563 for Governmental Activities and Business Type Activities respectively. Also, this statement does not separately disclose the debt service payments for the Business Type Activities but includes it in the Water and Sewer Cash Disbursements. These items were not corrected in the financial statements due to the error being immaterial.
- The 2009 Governmental Activities Total Net Assets End of Year should be \$390,878 and the 2009 Business-Type Activities End of Year should be \$1,766,780. However, the Village reports \$385,416 and \$1,766,563. This was not corrected in the financial statements due to the error being immaterial.
- The 2009 General Fund balance at the end of the year should be \$243,440 and the Other Governmental Funds balance at the end of the year should be \$134,109. However, the Village reports \$242,836 and \$129,247. This was not corrected in the financial statements due to the error being immaterial.

**FINDING NUMBER 2010-05
(Continued)**

- An initial draft of the 2009 Proprietary Funds Statement of Cash Receipts, Disbursements and Changes in Fund Net Assets reported debt service payments as Operating Disbursements instead of Non-Operating Disbursements. The Village posted audit adjustments to properly account for the debt service payments.
- The 2010 Proprietary Funds Statement of Cash Receipts, Disbursements and Changes in Fund Net Assets reports the net assets beginning of year for the Sewer Capital Fund as \$215,777. The amount should be \$168,905. The Village did not adjust the accounting records or financial statements for this material error which resulted in the qualification of the Village's financial statement opinion.
- The 2009 Mayor's Court fund balance of \$11,726 was not reflected as an Agency Fund in an initial draft of the financial statements and was not disclosed as such in the notes to the financial statements. The Village posted audit adjustments to correct the financial statements and corrected the notes to the financial statements.
- The 2010 Mayor's Court fund balance of \$8,617 was not reflected as an Agency Fund in an initial draft of the financial statements and was not disclosed as such in the notes to the financial statements. The Village posted audit adjustments to correct the financial statements and corrected the notes to the financial statements.

Notes to the Financial Statement Errors

- An initial draft of Notes 12 and 13 to the 2009 financial statements did not accurately report debt activity and the summary of the annual debt service requirements did not disclose the proper general obligation bond payment amounts as shown in the Village's debt amortization schedules. The Village revised these footnotes to report the debt activity and debt service requirements properly.
- Note 13 to the 2010 financial statements inaccurately reports the reduction of the 2004 issue as \$11,000. The reduction was \$14,000, which reduces the December 31, 2010 balance of the issue to \$1,197,000. Also, the amount due within one year for the 2004 issue is \$39,721 instead of the \$78,627 reported in the note. This was not corrected in the notes to the financial statements due to the error being immaterial.
- Note 13 to the 2010 financial statements the December 31, 2010 balance for the 2000 OPWC Loan #CJ08B does not properly calculate and is inaccurately presented as \$205,960. The amount outstanding should be \$216,800. This was not corrected in the notes to the financial statements due to the error being immaterial.

Failure to properly present and disclose financial activity in the financial statements and notes to the financial statements can result in inaccurate and misleading financial statements. We recommend that financial activity be properly presented and disclosed. All financial statements should be reviewed for accuracy. To improve accountability, the Village should use due care in the preparation of the financial statements and notes to the financial statements.

Officials' Response:

The Village's computer system does not have the capability currently to complete year-end financial filing reports without spending an additional several thousand dollars a year. As it stands currently, all reports must be completed by hand. The reports were completed to the best of the Finance Director's abilities and changes were made upon the request of the Auditor of State's office.

**FINDING NUMBER 2010-05
(Continued)**

In an email dated April 17, 2012, the Auditor of State Senior Audit Manager stated the following:

Since we have been working on the financial statements since the beginning of January and both of us have been spending significant amounts of time on the statements, we are going to stop with the financials that we have at this point. We will see what items are still incorrect and write it up accordingly. At this point for us to continue working on the financial statements, you would need to spend more time on it and we would also need to get an increase in the audit cost.

Village officials would have preferred to continue correcting the statements for presentation to the public.

AOS Conclusion:

The Auditor of State gave initial corrections for the 2009 and 2010 financial statements to the Village Finance Director beginning in early January 2012. During the next few months, the Finance Director provided to the Auditor of State a series of revised drafts; many drafts contained new errors or uncorrected errors identified in previous drafts. The repeated review of uncorrected drafts significantly increased the cost of the audit and delayed the audit completion. When the Senior Audit Manager sent the April 17, 2012 communication, the Finance Director had submitted five drafts of the 2009 financial statements and three drafts of the 2010 financial statements. In the interest of the timing of the audit completion and cost to the Village, the Chief Auditor decided to issue a report on the most current set of financial statement provided by the Village.

FINDING NUMBER 2010-06

Material Weakness

The Village prepared its financial statements using another comprehensive basis of accounting. This presentation requires presentation and disclosure similar to entities that prepare their financial statements using generally accepted accounting principles. One of these requirements (GASB Codification 2200.102 c.) requires the Village to include budgetary statements for their General Fund and major Special Revenue Funds. These statements require original and final budgeted receipts and disbursements to be presented. These amounts should be obtained from certified and / or Council approved budgetary documents.

The Village lacked management oversight in the proper presentation and disclosure of budget versus actual statements and did not report amounts from the certified and / or Council approved budgetary documents. This lack of oversight is illustrated by the following:

- In 2009, the General Fund original budgeted receipts were overstated by \$30,322 and final budgeted disbursements were overstated by \$3,887.
- In 2009, the Street Maintenance and Repair Fund final budgeted receipts were understated by \$45,000 and the original budgeted receipts were overstated by \$46,320.
- In 2009, the Police Levy Fund original budgeted receipts were overstated by \$94,554 and final budgeted receipts were understated by \$24,346.
- In 2009, the Street Levy Fund original budgeted receipts were understated by \$50,598 and final budgeted receipts were understated by \$3,762.
- In 2010, the General Fund original budgeted receipts were understated by \$85,679.

**FINDING NUMBER 2010-06
(Continued)**

- In 2010, the Street Maintenance and Repair Fund original budgeted receipts were understated by \$62,899.
- In 2010, the Police Levy original budgeted receipts were overstated on the first report draft by \$42,111. The accompanying Police Levy budget and actual statement original budgeted receipts was overstated by \$46,643.

The accompanying financial statements were adjusted by the Village for the above items. Failure to properly present and disclose budget versus actual receipts and disbursements can result in inaccurate and misleading financial statements. We recommend that receipts and disbursements be properly presented and disclosed.

Officials' Response:

The Village took the original and final budgeted receipts from a different document than the Auditors. The items listed were corrected at the request of the Auditor of State's office.

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**VILLAGE OF WAYNESVILLE
WARREN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2010 AND 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-01	Finding for Recovery – Doug Furnas Leave Payout	No	Not Corrected – Reissued as Finding Number 2010-01; initial finding was repaid on December 21, 2010.
2008-01	Lack of accurate reconciliations, documentation and complete posting of transactions.	Yes	
2008-03	Ohio Rev. Code, Section 5705.10(H), negative fund balance.	No	Not reissued – the negative fund balances noted are in conformance with the Village's Financial Recovery Plan
2008-04	Ohio Rev. Code, Section 5705.38(A), requires that on or about the first day of each fiscal year, an appropriation measure is to be passed. Ohio Rev. Code, Section 5705.39, filing of appropriation measure Ohio Adm. Code, Section 117-2-02(C)(1), legal level of control Ohio Rev. Code, Section 5705.41(B), expenditures exceeded appropriations	Yes Yes Yes Yes	
2008-05	Ohio Rev. Code, Section 5705.36(A)(1), certify the total from all resources available Ohio Rev. Code, Section 5705.39, appropriations exceeded total estimated resources	No No	Partially corrected – Reissued as 5705.36(A)(4) – Finding Number 2010-03 Not Corrected – Reissued as Finding Number 2010-04
2008-06	Ohio Rev. Code, Section 5705.41(D), proper encumbering	No	Finding No Longer Valid – Village in Fiscal Emergency



Dave Yost • Auditor of State

VILLAGE OF WAYNESVILLE

WARREN 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 14, 2012