



**VILLAGE OF WAYNESFIELD
AUGLAIZE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2001 - 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF WAYNESFIELD
AUGLAIZE COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Waynesfield
Auglaize County
P.O. Box 476
Waynesfield, Ohio 45896

To the Village Council:

We have audited the accompanying financial statements of the Village of Waynesfield, Auglaize County, (the Village), as of and for the years ended December 31, 2001 and December 31, 2000. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 2001 and 2000, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 7, 2002, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Jim Petro
Auditor of State

February 7, 2002

**VILLAGE OF WAYNESFIELD
AUGLAIZE COUNTY**

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

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$24,810			\$24,810
Special Assessments	196			196
Intergovernmental Receipts	106,672	\$25,092	\$148,462	280,226
Charges for Services	255			255
Fines, Licenses, and Permits	982	90		1,072
Earnings on Investments	30,322	3,300		33,622
Miscellaneous	11,128			11,128
	<u>174,365</u>	<u>28,482</u>	<u>148,462</u>	<u>351,309</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	49,746			49,746
Public Health Services	95			95
Leisure Time Activities	6,121			6,121
Transportation	4,547	32,705		37,252
General Government	68,251			68,251
Capital Outlay			148,462	148,462
	<u>128,760</u>	<u>32,705</u>	<u>148,462</u>	<u>309,927</u>
Total Cash Disbursements	<u>128,760</u>	<u>32,705</u>	<u>148,462</u>	<u>309,927</u>
Total Receipts Over/(Under) Disbursements	<u>45,605</u>	<u>(4,223)</u>		<u>41,382</u>
Other Financing Disbursements:				
Transfers - Out	(13,870)			(13,870)
Total Other Financing Disbursements	<u>(13,870)</u>			<u>(13,870)</u>
Excess of Cash Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	31,735	(4,223)		27,512
Fund Cash Balances, January 1	<u>125,960</u>	<u>55,708</u>		<u>181,668</u>
Fund Cash Balances, December 31	<u>\$157,695</u>	<u>\$51,485</u>	<u>\$0</u>	<u>\$209,180</u>
Reserves for Encumbrances, December 31	<u>\$3,704</u>	<u>\$95</u>	<u>\$29,961</u>	<u>\$33,760</u>

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

**VILLAGE OF WAYNEFIELD
AUGLAIZE COUNTY**

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

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$620,585		\$620,585
Miscellaneous	7,805	\$1,290	9,095
	<u>628,390</u>	<u>1,290</u>	<u>629,680</u>
Operating Cash Disbursements:			
Personal Services	106,048		106,048
Fringe Benefits	33,416		33,416
Contractual Services	321,300	1,290	322,590
Supplies and Materials	71,622		71,622
Capital Outlay	85,233		85,233
Miscellaneous	2,874		2,874
	<u>620,493</u>	<u>1,290</u>	<u>621,783</u>
Operating Income/(Loss)	<u>7,897</u>		<u>7,897</u>
Non-Operating Cash Receipts:			
Fines, Licenses and Permits		802	802
Non-Operating Cash Disbursements:			
Fines, Licenses and Permits		872	872
Debt Service - Principal	12,345		12,345
Debt Service - Interest	10,111		10,111
	<u>22,456</u>	<u>872</u>	<u>23,328</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers	(14,559)	(70)	(14,629)
Transfers-In	67,244		67,244
Transfers-Out	(53,374)		(53,374)
Net Receipts Over/(Under) Disbursements	(689)	(70)	(759)
Fund Cash Balances, January 1	<u>681,933</u>	<u>88</u>	<u>682,021</u>
Fund Cash Balances, December 31	<u>\$681,244</u>	<u>\$18</u>	<u>\$681,262</u>
Reserve for Encumbrances, December 31	<u>\$66,006</u>	<u>\$0</u>	<u>\$66,006</u>

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

**VILLAGE OF WAYNESFIELD
AUGLAIZE COUNTY**

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

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$10,455			\$10,455
Special Assessments	676			676
Intergovernmental Receipts	86,057	\$36,968	\$171,557	294,582
Charges for Services	322			322
Fines, Licenses, and Permits	1,192	140		1,332
Earnings on Investments	35,355	4,057		39,412
Miscellaneous	5,279			5,279
	<u>139,336</u>	<u>41,165</u>	<u>171,557</u>	<u>352,058</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	24,891			24,891
Public Health Services	46			46
Leisure Time Activities	4,014			4,014
Community Environment		1,495		1,495
Transportation	3,953	51,195		55,148
General Government	106,475			106,475
Capital Outlay			171,557	171,557
	<u>139,379</u>	<u>52,690</u>	<u>171,557</u>	<u>363,626</u>
Total Receipts Over/(Under) Disbursements	<u>(43)</u>	<u>(11,525)</u>		<u>(11,568)</u>
Other Financing Receipts/(Disbursements):				
Advances-In	41,500	1,500	40,000	83,000
Advances-Out	(41,500)	(1,500)	(40,000)	(83,000)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(43)	(11,525)		(11,568)
Fund Cash Balances January 1	<u>126,003</u>	<u>67,233</u>		<u>193,236</u>
Fund Cash Balances, December 31	<u>\$125,960</u>	<u>\$55,708</u>	<u>\$0</u>	<u>\$181,668</u>
Reserves for Encumbrances, December 31	<u>\$1,202</u>	<u>\$120</u>	<u>\$0</u>	<u>\$1,322</u>

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

**VILLAGE OF WAYNESFIELD
AUGLAIZE COUNTY**

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

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	\$568,648		\$568,648
Miscellaneous	7,620	\$1,660	9,280
Total Operating Cash Receipts	<u>576,268</u>	<u>1,660</u>	<u>577,928</u>
Operating Cash Disbursements:			
Personal Services	99,645		99,645
Fringe Benefits	26,513		26,513
Contractual Services	225,856	1,660	227,516
Supplies and Materials	89,800		89,800
Capital Outlay	10,898		10,898
Miscellaneous	3,800		3,800
Total Operating Cash Disbursements	<u>456,512</u>	<u>1,660</u>	<u>458,172</u>
Operating Income/(Loss)	<u>119,756</u>		<u>119,756</u>
Non-Operating Cash Receipts:			
Fines, Licenses and Permits		1,386	1,386
Non-Operating Cash Disbursements:			
Fines, Licenses and Permits		1,486	1,486
Debt Service - Principal	12,231		12,231
Debt Service - Interest	10,675		10,675
Total Non-Operating Cash Disbursements	<u>22,906</u>	<u>1,486</u>	<u>24,392</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers	96,850	(100)	96,750
Transfers-In	44,406		44,406
Transfers-Out	<u>(44,406)</u>		<u>(44,406)</u>
Net Receipts Over/(Under) Disbursements	96,850	(100)	96,750
Fund Cash Balances, January 1	<u>585,083</u>	<u>188</u>	<u>585,271</u>
Fund Cash Balances, December 31	<u>\$681,933</u>	<u>\$88</u>	<u>\$682,021</u>
Reserve for Encumbrances, December 31	<u>\$58,342</u>	<u>\$0</u>	<u>\$58,342</u>

**VILLAGE OF WAYNESFIELD
AUGLAIZE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Waynesfield, Auglaize County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, water and sewer utilities, park operations, and police services. Fire protection and emergency services are provided to the Village residents by Wayne Township.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Investments are included in fund cash balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

Certificates of deposit are valued at cost.

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Fund

These funds are used to account for proceeds from specific sources (other than from 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.

**VILLAGE OF WAYNESFIELD
AUGLAIZE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

State Highway Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing the highway within the Village.

Permissive Motor Vehicle License Tax Fund - This fund receives motor vehicle license tax money for the construction and repairing of Village streets.

3. Capital Projects Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise funds). The Village had the following significant capital projects funds:

Grant Construction Fund - This fund receives proceeds of grants. The proceeds are being used to construct a new industrial park.

Road Improvement Grant Fund - This fund receives proceeds of grants to be used to construct roads for the industrial park.

5. Enterprise Funds

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

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

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

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

6. Fiduciary Funds (Agency Funds)

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

Recycle Fund - This fund receives proceeds from the sale of recycled items and the money, less a small fee collected by the Village, is disbursed to the various organizations who operate the recycling center.

Mayor's Court - This fund receives and disburses fines and court costs collected by the Mayor's Court. At year end the Mayor's Court is appended to and reported within the financial statements.

**VILLAGE OF WAYNESFIELD
AUGLAIZE COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2001 and 2000 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Accumulated Leave

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2001</u>	<u>2000</u>
Demand deposits	\$ 690,442	\$ 663,689
Certificates of deposit	200,000	200,000
Total deposits	<u>\$890,442</u>	<u>\$863,689</u>

**VILLAGE OF WAYNESFIELD
AUGLAIZE COUNTY**

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

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

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

3. BUDGETARY ACTIVITY

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

2001 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$140,756	\$174,365	\$33,609
Special Revenue	25,000	28,482	3,482
Capital Projects	567,300	148,462	(418,838)
Enterprise	565,900	695,634	129,734
Fiduciary	<u>2,500</u>	<u>2,092</u>	<u>(408)</u>
Total	<u>\$1,301,456</u>	<u>\$1,049,035</u>	<u>(\$252,421)</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$266,716	\$146,334	\$120,382
Special Revenue	80,708	32,800	47,908
Capital Projects	567,300	178,423	388,877
Enterprise	1,223,833	762,329	461,504
Fiduciary	<u>2,517</u>	<u>2,162</u>	<u>355</u>
Total	<u>\$2,141,074</u>	<u>\$1,122,048</u>	<u>\$1,019,026</u>

2000 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$115,970	\$139,336	\$23,366
Special Revenue	26,100	41,165	15,065
Capital Projects	626,857	171,557	(455,300)
Enterprise	541,400	620,674	79,274
Fiduciary	<u>2,001</u>	<u>3,046</u>	<u>1,045</u>
Total	<u>\$1,312,328</u>	<u>\$975,778</u>	<u>(\$336,550)</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$241,973	\$140,581	\$101,392
Special Revenue	93,333	52,810	40,523
Capital Projects	626,857	171,557	455,300
Enterprise	1,126,483	582,166	544,317
Fiduciary	<u>3,504</u>	<u>3,146</u>	<u>358</u>
Total	<u>\$2,092,150</u>	<u>\$950,260</u>	<u>\$1,141,890</u>

**VILLAGE OF WAYNESFIELD
AUGLAIZE COUNTY**

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

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20. Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

5. DEBT

Debt outstanding at December 31, 2001, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Omega JV5 Debt	\$113,360	5.84%
Mortgage Revenue Bonds	<u>76,300</u>	4.50%
Total	<u>\$189,660</u>	

The Mortgage Revenue Bonds were issued for sewer system construction. Property and revenue of the Village's sewer system have been pledged to repay this debt.

As required by the mortgage revenue bond covenant, the Village has established and funded a debt service reserve fund, included as an enterprise fund. The balance in the fund at December 31, 2001, is \$22,338.

The Omega JV5 Project consists of governmental entities that joined together to finance a municipal electric generation facility. Bonded debt was issued in the total amount of \$153,415,000 for the project; the amount listed above and the amortization schedule below represent the Village's participant share. The debt will be financed through user charges.

**VILLAGE OF WAYNESFIELD
AUGLAIZE COUNTY**

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

5. DEBT (Continued)

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

<u>Year ending December 31:</u>	<u>Omega JV5 Loan</u>	<u>Mortgage Revenue Bonds</u>	<u>Total</u>
2002	\$8,729	\$14,434	\$23,163
2003	8,730	14,939	23,669
2004	8,732	14,398	23,130
2005	8,728	13,859	22,587
2006	8,729	14,319	23,048
2007 - 2011	43,649	17,034	60,683
2012 - 2016	43,649		43,649
2017 - 2021	43,651		43,651
2022 - 2024	26,190		26,190
Total	<u>\$200,787</u>	<u>\$88,983</u>	<u>\$289,770</u>

6. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including post retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant wages. PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of PERS participants' gross salaries through June 30, 2000, and from January 1, 2001 through December 31, 2001. Commencing July 1, 2000, PERS temporarily reduced employer contributions to 8.13%, through December 31, 2000. The Village has paid all contributions required through December 31, 2001.

7. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance through Grange Mutual Casualty Company for the following risks:

- Comprehensive property and general liability;
- Vehicles;
- Errors and omissions; and
- Inland Marine

The Village also provides health insurance, dental, and vision coverage to full time employees through a private carrier.

**VILLAGE OF WAYNESFIELD
AUGLAIZE COUNTY**

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

8. JOINT VENTURE

Ohio Municipal Electric Generation Agency Joint Venture 5 (JV5)

The Village is a participant with forty-two subdivisions within the State of Ohio in a joint venture to construct a hydroelectric plant and associated transmission facilities in West Virginia (on the Ohio River at the Belleville Locks and Dam) and receive electricity from its operation. The Ohio Municipal Electric Generation Agency Joint Venture 5 (JV5) was created for that purpose. On dissolution of the joint venture, the net assets of JV 5 will be shared by the participants on a percentage basis.

The JV5 is managed by AMP-Ohio who acts as the joint venture's agent. The participants are obligated by the agreement to remit on a monthly basis those costs incurred from using electricity generated by the joint venture and a portion of the \$153,415,000 Certificates of Beneficial Interest debt that was issued to construct the fixed asset. In accordance with the joint venture agreement, the Village remitted \$15,051 to the joint venture in 2001, and \$15,451 to the joint venture in 2000. The Village's equity interest in JV5 was 8 percent at year end for both December 31, 2001 and December 31, 2000. Complete financial statements for JV5 can be obtained from AMP-Ohio at 601 Dempsey Road, Westerville, Ohio 43801.

9. CONTINGENT LIABILITIES

A. Litigation

The Village is a defendant in one lawsuit that is currently in the appeal process. Although the outcome of this suit is not presently determinable, management believes that the resolution of these matters will not materially adversely affect the Village's financial condition. The Village intends to defend its position; however, an amount has been already been paid to avoid any penalty charges.

B. Grants

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

10. SUBSEQUENT EVENTS

During 1999, the Ohio Public Works Commission (OPWC) approved a loan for a Tank and Well Replacement project that relates to the construction of a new water tower. The OPWC has approved up to \$285,300 in loans to the Village for this project. As of the date of this report, the Village has not drawn against the loans. The loans will be repaid in semiannual installments of \$7,132, without interest, over 20 years. The loan will be collateralized by water revenues. The Village has agreed to set utility rates sufficient to cover OPWC debt service requirements.

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STATE OF OHIO
OFFICE OF THE AUDITOR

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

Village of Waynesfield
Auglaize County
P.O. Box 476
Waynesfield, Ohio 45896

To the Village Council:

We have audited the accompanying financial statements of the Village of Waynesfield, Auglaize County (the Village), as of and for the years ended December 31, 2001 and December 31, 2000, and have issued our report thereon dated February 7, 2002. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated February 7, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated February 7, 2002.

Village of Waynesfield
Auglaize County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

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

Jim Petro
Auditor of State

February 7, 2002



STATE OF OHIO
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VILLAGE OF WAYNESFIELD

AUGLAIZE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 12, 2002**