



**Mary Taylor, CPA**  
Auditor of State



VILLAGE OF WAYNE  
WOOD COUNTY

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Mary Taylor, CPA  
Auditor of State

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

To the Village Council:

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

*Mary Taylor*

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Auditor of State

October 5, 2010

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Wayne, Wood County, (the Village) as of and for the years ended December 31, 2009 and 2008. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

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

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

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In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2009 and 2008 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2009 and 2008, or its changes in financial position or cash flows, where applicable for the years then ended.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2010, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



**Mary Taylor, CPA**  
Auditor of State

October 5, 2010



**VILLAGE OF WAYNE  
WOOD COUNTY**

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

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property and Local Taxes	\$24,612	\$78,164	\$102,776
Intergovernmental	22,883	48,659	71,542
Special Assessments		14,129	14,129
Charges for Services	483	60,200	60,683
Fines, Licenses and Permits	6,891		6,891
Earnings on Investments	521	51	572
Miscellaneous	1,704	7,702	9,406
	<u>57,094</u>	<u>208,905</u>	<u>265,999</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property		98,885	98,885
Public Health Services	313		313
Leisure Time Activities	2,784	5,145	7,929
Community Environment	7,375		7,375
Basic Utility Service	3,093		3,093
Transportation		66,993	66,993
General Government	72,375		72,375
Debt Service:			
Redemption of Principal		20,590	20,590
Interest and Fiscal Charges		3,407	3,407
Capital Outlay	6,923	48,666	55,589
	<u>92,863</u>	<u>243,686</u>	<u>336,549</u>
<b>Total Cash Disbursements</b>			
Total Receipts (Under) Disbursements	<u>(35,769)</u>	<u>(34,781)</u>	<u>(70,550)</u>
<b>Other Financing Receipts / (Disbursements):</b>			
Transfers-In		1,000	1,000
Transfers-Out	(1,000)		(1,000)
	<u>(1,000)</u>	<u>1,000</u>	<u></u>
<b>Total Other Financing Receipts / (Disbursements)</b>			
Excess of Cash Receipts and Other Financing Receipts (Under) Cash Disbursements and Other Financing Disbursements	(36,769)	(33,781)	(70,550)
Fund Cash Balances, January 1	<u>77,193</u>	<u>482,114</u>	<u>559,307</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$40,424</u></b>	<b><u>\$448,333</u></b>	<b><u>\$488,757</u></b>

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

**VILLAGE OF WAYNE  
WOOD COUNTY**

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

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$237,722		\$237,722
Fines, Licenses and Permits		\$7,048	7,048
Miscellaneous	706		706
	<u>238,428</u>	<u>7,048</u>	<u>245,476</u>
<b>Total Operating Cash Receipts</b>			
	<u>238,428</u>	<u>7,048</u>	<u>245,476</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	57,651		57,651
Contractual Services	34,019		34,019
Supplies and Materials	29,872		29,872
Other		7,048	7,048
	<u>121,542</u>	<u>7,048</u>	<u>128,590</u>
<b>Total Operating Cash Disbursements</b>			
	<u>121,542</u>	<u>7,048</u>	<u>128,590</u>
Operating Income	<u>116,886</u>		<u>116,886</u>
<b>Non-Operating Cash Disbursements:</b>			
Capital Outlay	1,642		1,642
Redemption of Principal	54,400		54,400
Interest and Other Fiscal Charges	140,620		140,620
	<u>196,662</u>		<u>196,662</u>
<b>Total Non-Operating Cash Disbursements</b>			
	<u>196,662</u>		<u>196,662</u>
Net Receipts (Under) Disbursements	(79,776)		(79,776)
Fund Cash Balances, January 1	<u>215,663</u>		<u>215,663</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$135,887</u></u>		<u><u>\$135,887</u></u>

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

**VILLAGE OF WAYNE  
WOOD COUNTY**

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

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property and Local Taxes	\$20,461	\$65,090	\$85,551
Intergovernmental	37,042	63,739	100,781
Special Assessments		14,076	14,076
Charges for Services	529	58,994	59,523
Fines, Licenses and Permits	10,781		10,781
Earnings on Investments	6,574	4,419	10,993
Miscellaneous	586	3,625	4,211
	<u>75,973</u>	<u>209,943</u>	<u>285,916</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property		93,029	93,029
Public Health Services	531		531
Leisure Time Activities	1,883	1,891	3,774
Community Environment	7,855		7,855
Basic Utility Service	1,759		1,759
Transportation		41,520	41,520
General Government	61,617		61,617
Debt Service:			
Redemption of Principal		15,039	15,039
Interest and Fiscal Charges		3,300	3,300
Capital Outlay	8,755	10,910	19,665
	<u>82,400</u>	<u>165,689</u>	<u>248,089</u>
<b>Total Cash Disbursements</b>			
Total Receipts Over/(Under) Disbursements	<u>(6,427)</u>	<u>44,254</u>	<u>37,827</u>
<b>Other Financing Receipts / (Disbursements):</b>			
Transfers-In		10,500	10,500
Transfers-Out	(10,500)		(10,500)
	<u>(10,500)</u>	<u>10,500</u>	<u>(10,500)</u>
<b>Total Other Financing Receipts / (Disbursements)</b>			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(16,927)	54,754	37,827
Fund Cash Balances, January 1	94,120	427,360	521,480
<b>Fund Cash Balances, December 31</b>	<b><u>\$77,193</u></b>	<b><u>\$482,114</u></b>	<b><u>\$559,307</u></b>

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

**VILLAGE OF WAYNE  
WOOD COUNTY**

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

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$224,767		\$224,767
Fines, Licenses and Permits		\$8,835	8,835
Miscellaneous	1,524		1,524
Total Operating Cash Receipts	<u>226,291</u>	<u>8,835</u>	<u>235,126</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	55,739		55,739
Contractual Services	38,123		38,123
Supplies and Materials	35,103		35,103
Other		8,855	8,855
Total Operating Cash Disbursements	<u>128,965</u>	<u>8,855</u>	<u>137,820</u>
Operating Income/(Loss)	<u>97,326</u>	<u>(20)</u>	<u>97,306</u>
<b>Non-Operating Cash Receipts:</b>			
Intergovernmental	<u>33,400</u>		<u>33,400</u>
<b>Non-Operating Cash Disbursements:</b>			
Capital Outlay	8,130		8,130
Redemption of Principal	52,800		52,800
Interest and Other Fiscal Charges	<u>143,073</u>		<u>143,073</u>
Total Non-Operating Cash Disbursements	<u>204,003</u>		<u>204,003</u>
Net Receipts (Under) Disbursements	(73,277)	(20)	(73,297)
Fund Cash Balances, January 1	<u>288,940</u>	<u>\$20</u>	<u>288,960</u>
<b>Fund Cash Balances, December 31</b>	<b><u><u>\$215,663</u></u></b>		<b><u><u>\$215,663</u></u></b>

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

**VILLAGE OF WAYNE  
WOOD COUNTY**

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

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Wayne, Wood County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, park operations, and police services. The Village appropriates fire levy money to support a volunteer fire department.

The Village participates in the Ohio Government Risk Management Plan public entity risk pool. Note 7 to the financial statements provide additional information for this entity.

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

**B. Accounting Basis**

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

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

**C. Deposits and Investments**

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

The Village values certificates of deposit and repurchase agreements at cost.

**D. Fund Accounting**

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

**1. General Fund**

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

**VILLAGE OF WAYNE  
WOOD COUNTY**

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

**1. Summary of Significant Accounting Policies (Continued)**

**2. Special Revenue Funds**

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

Fire Protection Fund - This fund receives property tax money to pay for fire protection.

Police Protection Levy Fund - This fund receives property tax money to pay for police protection.

**3. Enterprise Funds**

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

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

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

**4. Fiduciary Funds**

Fiduciary funds include private purpose trust funds and agency funds. Trust funds 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 Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund accounts for activity of the Mayor's Court.

**E. Budgetary Process**

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

**VILLAGE OF WAYNE  
WOOD COUNTY**

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

**1. Summary of Significant Accounting Policies (Continued)**

**1. Appropriations**

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

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. The Village did not use the encumbrance method of accounting.

A summary of 2009 and 2008 budgetary activity appears in Note 3.

**F. Property, Plant, and Equipment**

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**G. Accumulated Leave**

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

**2. Equity in Pooled Deposits and Investments**

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

**VILLAGE OF WAYNE  
WOOD COUNTY**

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

**2. Equity in Pooled Deposits and Investments (Continued)**

	2009	2008
Demand deposits	\$602,547	\$197,873
Certificates of deposit	21,997	21,997
Total deposits	624,544	219,870
Cash on hand	100	100
Repurchase agreement		555,000
Total deposits, cash on hand and investments	\$624,644	\$774,970

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

**Investments:** A financial institution's trust department holds the Village's equity securities for repurchase agreements in book entry form in the Village's name.

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$76,763	\$57,094	(\$19,669)
Special Revenue	207,297	209,905	2,608
Enterprise	260,481	238,428	(22,053)
Total	\$544,541	\$505,427	(\$39,114)

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$126,300	\$93,863	\$32,437
Special Revenue	311,180	243,686	67,494
Enterprise	378,240	318,204	60,036
Total	\$815,720	\$655,753	\$159,967



**VILLAGE OF WAYNE  
WOOD COUNTY**

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

**3. Budgetary Activity (Continued)**

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$68,273	\$75,973	\$7,700
Special Revenue	343,264	220,443	(122,821)
Enterprise	288,033	259,691	(28,342)
Total	\$699,570	\$556,107	(\$143,463)

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$140,250	\$92,900	\$47,350
Special Revenue	275,180	165,689	109,491
Enterprise	424,920	332,968	91,952
Total	\$840,350	\$591,557	\$248,793

Contrary to Ohio law, the Special Events and Sewer Funds' appropriations exceeded estimated revenues by \$2,869 and \$50,684 respectively at the end of 2008, and at the end of 2009 the Street Lighting, Water Debt Service, and Sewer Funds' appropriations exceeded estimated revenues by \$3,565, \$2,652, and \$21,559 respectively. In addition, not all disbursements received prior certification by the Fiscal Officer.

**4. Property Tax**

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

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

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

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

**VILLAGE OF WAYNE  
WOOD COUNTY**

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

**5. Debt**

Debt outstanding at December 31, 2009 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
USDA Rural Development Loan - Water	\$1,837,500	4.375%
USDA Rural Development Loan - Sewer	1,126,000	5.125%
General Obligation Note	<u>42,359</u>	4.980%
Total	<u><u>\$3,005,859</u></u>	

The USDA Rural Development Loans were obtained for water and sewer system improvement projects. The USDA loans will be repaid over 40 years for the sewer and 30 years for the water. The Village has agreed to set utility rates sufficient to cover USDA Rural Development debt service requirements.

The General Obligation Note was issued to finance the purchase of a fire truck for the Village Fire Department. The note is a direct obligation of the Village for which its full faith, credit and resources are pledge. The fire truck collateralizes the note. The note will be repaid in semi-annual installments, including interest over 5 years.

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

Year ending December 31:	<u>USDA Sewer Loan</u>	<u>USDA Water Loan</u>	<u>General Obligation Note</u>
2010	\$78,707	\$117,291	\$18,339
2011	77,631	117,376	18,339
2012	76,555	117,088	9,176
2013	78,479	117,338	
2014	78,249	117,300	
2015-2019	389,846	586,708	
2020-2024	389,051	586,327	
2025-2029	389,674	586,747	
2030-2034	389,485	586,587	
2035-2036	156,224	234,646	
Total	<u><u>\$2,103,901</u></u>	<u><u>\$3,167,408</u></u>	<u><u>\$45,854</u></u>

**6. Retirement System**

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

The Ohio Revised Code also prescribes contribution rates. For 2009 and 2008, OPERS members contributed 10%, and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2009.

**VILLAGE OF WAYNE  
WOOD COUNTY**

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

**7. Risk Management**

**Risk Pool Membership**

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 Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio. These coverage programs, referred to as Ohio Plan Risk management ("OPRM"), are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retain 15% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had over 650 members as of December 31, 2008. The Village participates in this coverage.

In August, 2007, OGRMP formed the Ohio Plan Healthcare Consortium ("OPHC"), as authorized by Section 9.833 of the Ohio Revised Code. The OPHC was established to provide cost effective employee benefit programs for Ohio political sub-divisions and is a self-funded, group purchasing consortium that offers medical, dental, vision and prescription drug coverage as well as life insurance for its members. The OPHC is sold through seventeen appointed independent agents in the State of Ohio. Coverage programs are developed specific to each member's healthcare needs and the related premiums for coverage are determined through the application of uniform underwriting criteria. Variable plan options are available to members. These plans vary primarily by deductibles, coinsurance levels, office visit co-pays and out-of pocket maximums. OPHC had 40 members as of December 31, 2008. The Village does not participate in this coverage.

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: 2008 and 2007 (the latest information available), and include amounts for both OPRM and OPHC:

	<b>2008</b>	<b>2007</b>
Assets	\$10,471,114	\$11,136,455
Liabilities	(5,286,781)	(4,273,553)
Members' Equity	\$5,184,333	\$6,862,902

VILLAGE OF WAYNE  
WOOD COUNTY

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

**7. Risk Management (Continued)**

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



**Mary Taylor, CPA**  
Auditor of State

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

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

To the Village Council:

We have audited the financial statements of Village of Wayne, Wood County (the Village) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated October 5, 2010 wherein we noted the Village prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion 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.

One Government Center / Suite 1420 / Toledo, OH 43604-2246  
Telephone: (419) 245-2811 (800) 443-9276 Fax: (419) 245-2484  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

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 2009-001 and 2009-004 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 2009-001 through 2009-003

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated October 5, 2010.

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



**Mary Taylor, CPA**  
Auditor of State

October 5, 2010

VILLAGE OF WAYNE  
WOOD COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2009 AND 2008

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

FINDING NUMBER 2009-001

**Noncompliance and Material Weakness**

**United States Department of Agriculture- Rural Development “Letter of Conditions” states the following:**

- “The total required reserve is one annual payment, and it is to be accumulated at the rate of at least one tenth of the total requirement per year”
- “The Village must levy and collect sufficient revenue to meet the requirements of the operating budget”
- “A budget must be presented to United States Department of Agriculture- Rural Development at the beginning of each year”

The Village has not established the required reserve fund, nor have they filed the required annual budget reports for the water or sewer funds. The deficit fund balances in the utility accounts at 12/31/09 indicate the Village is not collecting sufficient revenues to cover their expenses. Adjustments were required to reduce the deficits.

We recommend the following:

- the Village establish the required sewer reserve account, and begin to make the required payments till the balance in the fund will cover an annual loan payment; approximately \$78,000;
- the Village prepare and submit the required annual budget reports;
- the Village review their utility rates, and approval new rates that will allow for sufficient revenues to cover the operating, debt , and reserve requirements.

FINDING NUMBER 2009-002

**Noncompliance Citation**

**Ohio Revised Code § 5705.39** states the total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure therefrom, as certified by the budget commission, or in case of appeal, by the board of tax appeals. No appropriation measure shall become effective until the county auditor files with the appropriating authority a certificate that the total appropriations from each fund, taken together with all other outstanding appropriations, do not exceed such official estimate or amended official estimate.

At the end of 2008, the Special Events and Sewer Funds’ appropriations exceeded estimated revenues by \$2,869 and \$50,684, respectively. At the end of 2009, the Street Lighting, Water Debt Service, and Sewer Funds’ appropriations exceeded estimated revenues by \$3,565, \$2,652, and \$21,559, respectively. In addition, no county auditor certificate could be located for 2009 or 2008.

We recommend before the Council approves its annual appropriations and any subsequent modifications, the Council members should review the certificate of estimated resources to ensure the appropriation amounts do not exceed the estimates resource amounts. In addition, the county auditor certificate should be obtained.

### FINDING NUMBER 2009-003

#### Noncompliance Citation

**Ohio Revised Code § 5705.41(D)(1)** states that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required for the order or contract has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, each of which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

- 1) **"Then and Now" Certificate** – If the fiscal officer can certify both at the time the contract or order was made ("then"), and at the time the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of an appropriate fund, free from any previous encumbrances, the Council can authorize the drawing of a warrant for the payment of the amount due. The Council has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Council.

- 2) **Blanket Certificate** – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
- 3) **Super Blanket Certificate** – The Council may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification may, but need not, be limited to a specific vendor. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

None of the Village's expenditures were certified by the fiscal officer until the time of payment, and there was no evidence the Council followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.



Certification is not only required by Ohio law, but it is a key control in the disbursements process to help assure purchase commitments receive prior approval, and to help reduce the possibility of Village funds being over expended or exceeding budgetary spending limitations as set by the Council.

To improve controls over disbursements, we recommend all Village disbursements receive prior certification of the fiscal officer. When that is not possible, a Then and Now Certificate should be executed.

#### **FINDING NUMBER 2009-004**

##### **Material Weakness – Council Monitoring Controls**

Sound accounting procedures require there to be adequate segregation of duties and monitoring procedures performed by management. Sound financial reporting is the responsibility of the Fiscal Officer and governing board and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The Fiscal Officer performed most accounting functions. It is therefore important that Council monitor financial activity closely. The following deficiencies were noted in the monitoring of financial activity by the Council:

- Of the five credit card invoices tested, all had some invoice purchases that were not supported by a charge slip.
- There was no support for a \$225 check for “cash” used for parade cash prizes, nor for a \$110 reimbursement for a skate board
- The Council does not review any of the bank account reconciliations to ensure the books are in balance with the bank and all reconciling items are accounted for.
- The Council does not receive monthly financial or budget vs actual reports.

These weaknesses allowed the possibility of unauthorized expenditures to be made or possible theft, and Council not having the resources needed to make informed financial and future planning decisions. Controls should be implemented to help ensure the accuracy of the financial statements. In addition, adjustments of \$3,951 for 2008 and \$4,255 for 2009 were required to balance the utility account because fees and NSF checks were not being posted

We recommend:

- Council review all bills, and require documentation for all payments, including the charge slips for all credit card invoice purchases.
- All monthly bank reconciliations, bank statements, lists of outstanding checks, and supporting documents should be reviewed, approved, and signed off by Council or a designated committee each month.
- Council should receive monthly financial reports showing at a minimum: monthly receipts and disbursements; fund balance at the beginning of the year; fund balance at the month end; for each fund. These reports should be approved each month by Council either in the minutes or signed off on.
- Council should receive budget vs actual reports showing the Y-T-D figures at the budgeted levels, at least quarterly. These reports should be approved by Council either in the minutes or signed off on.

##### **Officials’ Response:**

We did not receive a response from Officials to the findings reported above.

**VILLAGE OF WAYNE  
WOOD COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2007-001	Finding for Recovery Repaid Under Audit Council President was overpaid	Yes	
2007-002	Ohio Revised Code § 117.38, not filing an annual report	Yes	
2007-003	Ohio Revised Code 5705.41(D), the Fiscal Officer did not certify the availability of funds for expenditure.	No	Repeated as Finding 2009-003 in this report.
2007-004	Ohio Revised Code 5705.41(B), expenditures exceeding appropriations	Yes	
2007-005	Noncompliance with water system debt covenants	Yes	
2007-006	Material Weakness due to errors in Financial Reporting	Yes	



**Mary Taylor, CPA**  
Auditor of State

VILLAGE OF WAYNE

WOOD COUNTY

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
NOVEMBER 4, 2010