

**VILLAGE OF WAYNESFIELD  
AUGLAIZE COUNTY  
Regular Audit  
For the Years Ended December 31, 2011 and 2010**

***Perry & Associates***  
Certified Public Accountants, A.C.





# Dave Yost • Auditor of State

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

We have reviewed the *Independent Accountants' Report* of the Village of Waynesfield, Auglaize County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2010 through December 31, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the Auditor of State 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Accountants' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Waynesfield is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

August 21, 2012

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**VILLAGE OF WAYNESFIELD  
AUGLAIZE COUNTY**

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***Perry & Associates***  
Certified Public Accountants, A.C.  
www.perrycpas.com

MARIETTA  
428 Second Street  
Marietta, OH 45750  
(740) 373-0056  
(740) 373-2402 Fax

PARKERSBURG  
1035 Murdoch Avenue  
Parkersburg, WV 26101  
(304) 422-2203  
(304) 428-5587 Fax

ST. CLAIRSVILLE  
121 E Main Street  
St. Clairsville, OH 43950  
(740) 695-1569  
(740) 695-5775 Fax

**INDEPENDENT ACCOUNTANTS' REPORT**

June 18, 2012

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

To the Village Council:

We have audited the accompanying financial statements of the **Village of Waynesfield**, Auglaize County, Ohio, (the Village) as of and for the years ended December 31, 2011 and 2010. 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 discussed more fully in Note 1, the Village has prepared these financial statements using the 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 the State permits, but does not require Villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2011 and 2010 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, 2011 and 2010 or their changes in financial position or cash flows for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Waynesfield, Auglaize County, as of December 31, 2011 and 2010, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 1F, during 2011 the Village of Waynesfield, Auglaize County, adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 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.

Respectfully Submitted,



**Perry and Associates**  
Certified Public Accountants, A.C.

**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, 2011**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property Tax and Other Local Taxes	\$ 46,691	\$ -	\$ 46,691
Municipal Income Taxes	120,205	-	120,205
Intergovernmental	68,030	39,110	107,140
Special Assessments	100	-	100
Charges for Services	225	-	225
Fines, Licenses, and Permits	13,777	-	13,777
Earnings on Investments	302	60	362
Miscellaneous	8,137	-	8,137
	<u>257,467</u>	<u>39,170</u>	<u>296,637</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	79,786	1,000	80,786
Public Health Services	29	-	29
Leisure Time Activities	7,441	-	7,441
Transportation	14,179	19,020	33,199
General Government	165,269	-	165,269
Debt Service:			
Redemption of Principal	3,990	10,373	14,363
	<u>270,694</u>	<u>30,393</u>	<u>301,087</u>
<b>Total Cash Disbursements</b>			
Total Cash Receipts Over/(Under) Disbursements	<u>(13,227)</u>	<u>8,777</u>	<u>(4,450)</u>
Fund Cash Balances, January 1	<u>205,875</u>	<u>114,546</u>	<u>320,421</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	-	123,323	123,323
Unassigned	192,648	-	192,648
	<u>192,648</u>	<u>123,323</u>	<u>315,971</u>
<b>Fund Cash Balances, December 31</b>	<u>\$ 192,648</u>	<u>\$ 123,323</u>	<u>\$ 315,971</u>

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



**VILLAGE OF WAYNESFIELD  
AUGLAIZE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency Fund</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$ 1,038,323	\$ -	\$ 1,038,323
Miscellaneous	5,084	-	5,084
Total Operating Revenues	<u>1,043,407</u>	<u>-</u>	<u>1,043,407</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	122,161	-	122,161
Fringe Benefits	104,276	-	104,276
Contractual Services	519,360	1,948	521,308
Supplies and Materials	99,430	-	99,430
Other	8,000	-	8,000
Total Operating Cash Disbursements	<u>853,227</u>	<u>1,948</u>	<u>855,175</u>
Operating Income (Loss)	<u>190,180</u>	<u>(1,948)</u>	<u>188,232</u>
<b>Non-Operating Cash Receipts/Disbursements:</b>			
Note Proceeds	64,972	-	64,972
Miscellaneous	-	1,948	1,948
Capital Outlay	(145,789)	-	(145,789)
Redemption of Principal	(33,690)	-	(33,690)
Interest and Other Fiscal Charges	(4,966)	-	(4,966)
Total Non-Operating Cash Receipts/Disbursements	<u>(119,473)</u>	<u>1,948</u>	<u>(117,525)</u>
Income (Loss) Before Transfers	70,707	-	70,707
Transfer-In	48,177	-	48,177
Transfer-Out	<u>(48,177)</u>	<u>-</u>	<u>(48,177)</u>
Net Change in Fund Cash Balances	70,707	-	70,707
Fund Cash Balances, January 1	<u>1,435,372</u>	<u>1</u>	<u>1,435,373</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$ 1,506,079</u></b>	<b><u>\$ 1</u></b>	<b><u>\$ 1,506,080</u></b>

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, 2010**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property Tax and Other Local Taxes	\$ 46,005	\$ -	\$ -	\$ 46,005
Municipal Income Taxes	118,247	-	-	118,247
Intergovernmental	68,518	57,007	16,000	141,525
Special Assessments	109	-	-	109
Charges for Services	325	-	-	325
Fines, Licenses, and Permits	11,975	-	-	11,975
Earnings on Investments	3,626	709	-	4,335
Miscellaneous	2,075	-	-	2,075
	<u>250,880</u>	<u>57,716</u>	<u>16,000</u>	<u>324,596</u>
<b>Total Cash Receipts</b>				
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	98,184	545	-	98,729
Public Health Services	29	-	-	29
Leisure Time Activities	3,326	-	-	3,326
Transportation	5,820	47,168	-	52,988
General Government	127,885	-	-	127,885
Debt Service:				
Redemption of Principal	3,990	10,373	-	14,363
Capital Outlay	7,335	-	16,000	23,335
	<u>246,569</u>	<u>58,086</u>	<u>16,000</u>	<u>320,655</u>
<b>Total Cash Disbursements</b>				
Total Cash Receipts Over/(Under) Disbursements	<u>4,311</u>	<u>(370)</u>	<u>-</u>	<u>3,941</u>
Fund Cash Balances, January 1	<u>201,564</u>	<u>114,916</u>	<u>-</u>	<u>316,480</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$ 205,875</b></u>	<u><b>\$ 114,546</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 320,421</b></u>

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

**VILLAGE OF WAYNESFIELD  
AUGLAIZE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency Fund</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$ 1,029,785	\$ -	\$ 1,029,785
Miscellaneous	8,005	-	8,005
Total Operating Revenues	<u>1,037,790</u>	<u>-</u>	<u>1,037,790</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	146,528	-	146,528
Fringe Benefits	76,817	-	76,817
Contractual Services	569,955	1,613	571,568
Supplies and Materials	81,776	-	81,776
Other	6,711	-	6,711
Total Operating Cash Disbursements	<u>881,787</u>	<u>1,613</u>	<u>883,400</u>
Operating Income (Loss)	<u>156,003</u>	<u>(1,613)</u>	<u>154,390</u>
<b>Non-Operating Cash Receipts/Disbursements:</b>			
Miscellaneous	4,833	1,607	6,440
Capital Outlay	(80,826)	-	(80,826)
Redemption of Principal	(33,690)	-	(33,690)
Interest and Other Fiscal Charges	(4,966)	-	(4,966)
Total Non-Operating Cash Receipts/Disbursements	<u>(114,649)</u>	<u>1,607</u>	<u>(113,042)</u>
Income (Loss) Before Transfers	41,354	(6)	41,348
Transfer-In	62,654	-	62,654
Transfer-Out	<u>(62,654)</u>	<u>-</u>	<u>(62,654)</u>
Net Change in Fund Cash Balances	41,354	(6)	41,348
Fund Cash Balances, January 1	<u>1,394,018</u>	<u>7</u>	<u>1,394,025</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$ 1,435,372</u></b>	<b><u>\$ 1</u></b>	<b><u>\$ 1,435,373</u></b>

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

**VILLAGE OF WAYNESFIELD  
AUGLAIZE COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011 and 2010**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

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

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

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

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

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

**B. 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. 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.

**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.

**VILLAGE OF WAYNESFIELD  
AUGLAIZE COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011 and 2010  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds**

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

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

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

**3. Capital Projects Funds**

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

*S West Minster Street Project* – This fund received restricted receipts for the street repair project.

**4. Enterprise Funds**

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

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

**5. Fiduciary Funds (Trust and Agency Funds)**

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

**VILLAGE OF WAYNESFIELD  
AUGLAIZE COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011 and 2010  
(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 object level of control, and appropriations may not exceed estimated resources. Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

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

**3. Encumbrances**

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

A summary of 2011 and 2010 budgetary activity appears in Note 3.

**F. Fund Balance**

For December 31, 2011, fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**1. Nonspendable**

The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**2. Restricted**

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**VILLAGE OF WAYNESFIELD  
AUGLAIZE COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011 and 2010  
(Continued)**

**F. Fund Balance (Continued)**

**3. Committed**

Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**4. Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

**5. Unassigned**

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**G. 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.

**H. 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**

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

**VILLAGE OF WAYNESFIELD  
AUGLAIZE COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011 and 2010  
(Continued)**

**2. EQUITY IN POOLED CASH (Continued)**

	<b>2011</b>	<b>2010</b>
Demand deposits	\$1,641,851	\$1,575,594
Certificates of Deposit	180,200	180,200
Total deposits	<b>\$1,822,051</b>	<b>\$1,755,794</b>

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2011 and 2010 follows:

**2011 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 166,388	\$ 257,467	\$ 91,079
Special Revenue	33,930	39,170	5,240
Enterprise	1,083,450	1,156,556	73,106
Agency	2,500	1,948	(552)
Total	<b>\$ 1,286,268</b>	<b>\$ 1,455,141</b>	<b>\$ 168,873</b>

**2011 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 351,485	\$ 270,694	\$ 80,791
Special Revenue	147,841	30,393	117,448
Enterprise	2,401,873	1,085,849	1,316,024
Agency	2,500	1,948	552
Total	<b>\$ 2,903,699</b>	<b>\$ 1,388,884</b>	<b>\$ 1,514,815</b>

**2010 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 144,183	\$ 250,880	\$ 106,697
Special Revenue	39,100	57,716	18,616
Capital Projects	16,000	16,000	-
Enterprise	750,450	1,105,277	354,827
Agency	2,500	1,607	(893)
Total	<b>\$ 952,233</b>	<b>\$ 1,431,480</b>	<b>\$ 479,247</b>

**2010 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 340,231	\$ 246,569	\$ 93,662
Special Revenue	153,828	58,086	95,742
Capital Projects	16,000	16,000	-
Enterprise	2,041,918	1,063,923	977,995
Agency	1,506	1,613	(107)
Total	<b>\$ 2,553,483</b>	<b>\$ 1,386,191</b>	<b>\$ 1,167,292</b>



**VILLAGE OF WAYNESFIELD  
AUGLAIZE COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011 and 2010  
(Continued)**

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 proceeding 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 payments, 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. LOCAL INCOME TAX**

The Village levies a municipal income tax of 1 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village. Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

**6. DEBT**

Debt outstanding at December 31, 2011 was as follows:

	<b>Principal</b>	<b>Interest Rate</b>
OPWC Loan for Tower & Well	\$ 129,222	0%
OPWC Loan for UV Disinfection	29,160	0%
Omega JV5 Bond	80,547	5.84%
OPWC Loan for Water Treatment Plant Improvement	253,122	0%
OPWC for South Westminster St. Repair	271,302	0%
AMP Ohio loan	<u>64,972</u>	
Total	<u>\$ 828,325</u>	

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

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

**VILLAGE OF WAYNESFIELD  
AUGLAIZE COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011 and 2010  
(Continued)**

**6. DEBT (Continued)**

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

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

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

During 2011, a loan was approved from AMP Ohio in the amount of \$350,000 for Distribution Rebuild. As of December 31, 2011 only \$64,972 had been drawn down against the loan. The loan is not in repayment status and no amortization data is available at this time.

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

Year Endind December 31,	OPWC Tank and Well	OPWC UV Disinfection	OMEGA JV5	OPWC Treatment Plant	OPWC Westminster St.
2012	\$ 11,237	\$ 2,160	\$ 4,388	\$ 14,890	\$ 15,959
2013	11,237	2,160	4,624	14,890	15,959
2014	11,237	2,160	4,872	14,890	15,959
2015	11,237	2,160	5,148	14,890	15,959
2016	11,237	2,160	5,436	14,890	15,959
2017-2021	56,183	10,800	32,172	74,450	79,795
2022-2026	16,854	7,560	23,907	74,450	79,795
2027-2028	-	-	-	29,772	31,917
Principal	\$ 129,222	\$ 29,160	\$ 80,547	\$ 253,122	\$ 271,302
Interest	-	-	32,851	-	-
Total Principal and Interest	\$ 129,222	\$ 29,160	\$ 113,398	\$ 253,122	\$ 271,302

**7. RETIREMENT SYSTEMS**

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

**VILLAGE OF WAYNESFIELD  
AUGLAIZE COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011 and 2010  
(Continued)**

**7. RETIREMENT SYSTEMS (Continued)**

The Ohio Revised Code also prescribes contribution rates. For 2009 and 2008, OP&F participants contributed 10% of their wages. For 2009 and 2008, the Village contributed to OP&F an amount equal to 24% of full-time police members' wages. For 2009 and 2008, OPERS members contributed 10%, of their gross salaries, and the Village contributed an amount equaling 14% of participants' gross salaries. The Village had paid all contributions required through December 31, 2011.

**8. RISK MANAGEMENT**

**Commercial Insurance**

The Village has obtained commercial insurance for the following risks:

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

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

**9. CONTINGENT LIABILITIES**

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

**10. RELATED PARTY TRANSACTIONS**

The Village Mayor is the owner of a company from which the Village acquired patches, etc. for the police department uniforms during the year. The Village paid approximately \$400 in 2011 and \$160 in 2010.

**10. RELATED PARTY TRANSACTIONS**

**11. JOINT VENTURES**

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

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

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

**VILLAGE OF WAYNESFIELD  
AUGLAIZE COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011 and 2010  
(Continued)**

**11. JOINT VENTURES (Continued)**

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

Pursuant to Agreement each participant has an obligation to pay its share of debt service on the Beneficial Interest Certificates (Certificates) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV5, the net assets will be shared by the financing participants on a percentage of ownership basis. Under the terms of the Agreement each participant is to fix, charge, and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV5 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2011 Waynesfield as met their debt coverage obligation.

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

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

The Village net investment to date in OMEGA JV5 was \$8,497 at December 31, 2011. Complete financial statements for OMEGA JV5 may be obtained from AMP-Ohio or from the State Auditor's website at [www.auditor.state.oh.us](http://www.auditor.state.oh.us).

**VILLAGE OF WAYNESFIELD  
AUGLAIZE COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011 and 2010  
(Continued)**

**11. JOINT VENTURES (Continued)**

**B. Municipal Energy Services Agency (MESA)**

Municipal Energy services Agency ("MESA") was organized by 31 subdivisions of the State of Ohio (the "Participants") on December 31, 1996, pursuant to a Joint Venture Agreement (the "Agreement") under the Ohio Constitution and Section 715.02 of the Ohio Revised Code. As of December 31, 2007, there were 48 Participants in MESA. Its purpose is to provide access to a pool of personnel experienced in planning, engineering, construction, safety training, finance, administration and other aspects of the operations and maintenance of Municipal electric and other utility systems. The Participants are members of American Municipal Power-Ohio, Inc. ("AMP-Ohio). MESA also provides personnel and administrative services to AMP-Ohio, the Ohio Municipal Electric Generation Agency Joint Ventures: 1, 2, 4, 5, and 6 ("OMEGA JVs"), the Ohio Municipal Electric Association (OMEA") and the Ohio Public Power Educational Institute ("OPPEI"). The Agreement continues until December 31, 2006, and thereafter for successive terms of three years so long as at least two participants have not given notice

**12. AMERICAN MUNICIPAL POWER GENERATING STATION PROJECT**

The Village of Waynesfield is a participant in the American Municipal Power Generating Station Project (the "AMPGS Project"). The Village executed a take-or-pay contract on November 1, 2007 in order to participate in the AMPGS Project.

**History of the AMPGS Project**

In November 2009, the participants of the AMP Generating Station Project (the "AMPGS Project") voted to terminate the development of the pulverized coal power plant in Meigs County, Ohio. The AMPGS Project was to be a 1,000 MW base load, clean-coal technology plant scheduled to go on-line in 2014. This pulverized coal plant was estimated to be a \$3 billion project, but the project's estimated capital costs increased by 37% and the engineer, procure and construct ("EPC") contractor could not guarantee that the costs would not continue to escalate. At the termination date, minimal construction had been performed on the AMPGS Project at the Meigs County site.

At the same time, the participants voted to pursue conversion of the project to a Natural Gas Combined Cycle Plant (the "NGCC Plant") to be developed under a lump-sum-turn-key fixed price contract that would be open to interested AMP members. The NGCC Plant was planned to be developed on the Meigs County site previously planned for the AMPGS project. In February 2011, development of the NGCC Plant was suspended due to the availability of purchasing the AMP Fremont Energy Center ("AFEC") at a favorable price. AMP intends to develop this site for the construction of a generating asset; however, at December 31, 2011, the type of generating asset has not been determined.

As mentioned above, the AMPGS project participants signed "take or pay" contracts with AMP. As such, the participants of the project are obligated to pay all costs incurred for the project. To date it has not been determined what those total final costs are for the project participants.

**VILLAGE OF WAYNESFIELD  
AUGLAIZE COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011 and 2010  
(Continued)**

**12. AMERICAN MUNICIPAL POWER GENERATING STATION PROJECT (Continued)**

As a result of these decisions to date, the AMPGS Project costs have been reclassified out of construction work-in-progress and into plant held for future use or regulatory assets in the combined balance sheet. AMP has reclassified \$34,881,075 of costs to plant held for future use as these costs were determined to be associated with the undeveloped Meigs County site regardless of the determination of which type of generating asset will be developed on the site. The remaining costs previously incurred were determined to be impaired but reclassified as a regulatory asset which is fully recoverable from the AMPGS Project participants as part of their unconditional obligation under the "take or pay" contract. At December 31, 2011 AMP has a regulatory asset of \$86,548,349 for the recovery of these abandoned construction costs. AMP is currently working with the AMPGS project participants to establish a formal plan for the recovery on a participant by participant basis.

At the request of the participants, on November 18, 2011 and December 13, 2011 AMP sent memos to AMPGS participants providing the participant's information identifying their potential AMPGS stranded cost liability and providing options for payment of those stranded costs, if the participant so chose. These memos were not invoices, but provided the participants with information which they could utilize in determining if they wanted to pay down a portion or all of the identified maximum exposure. AMP is holding the AMPGS Project stranded costs on its revolving credit facility and is accruing interest in addition to legal fees being incurred in its case with the EPC contractor. AMP would hold any payments received as a deposit in order to cease interest accruals on that portion paid.

Based on an allocation to the Village of 790 kW and the allocation methodology, both approved as the same by the AMP Board of Trustees, as of December 31, 2011 the Village of Waynesfield has a potential stranded cost obligation of \$129,209 for the AMPGS Project. The Village of Waynesfield does not have any payments on deposit with AMP at December 31, 2011.

**AMP Fremont Energy Center (AFEC) Development Fee**

The AFEC Development Fee is the amount paid by AFEC participants to the AMPGS project as a Development Fee in August, 2011. AFEC participants are a separate group of AMP members that obtained financing for engineering, consulting and other development costs for expertise obtained by AMP for Natural Gas Combined Cycle power plants. This amount is financed by AMP, Inc. and is to be collected through debt service from AFEC participants. The Development Fee paid by all AFEC Participants is credited to the potential AMPGS costs of each AFEC participant that is also an AMPGS participant in proportion to their relative percentage of AFEC (but not less than zero) as approved by the AMP Board. The Village is a participant in the AFEC project and has received a credit to reduce its share of AMPGS potential stranded costs as noted below.

Based on the allocation methodology approved by the AMP Board of Trustees as mentioned above, the Village receives a credit of \$41,878 for being a participant in both projects. This credit is proportionate to its AFEC allocation kW share of 400 and the total kW share of those participating in both projects. The Village has not recorded this credit in its financial statements as of December 31, 2011.

The Village has not recorded stranded cost for the AMPGS Project.

**VILLAGE OF WAYNESFIELD  
AUGLAIZE COUNTY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011 and 2010  
(Continued)**

**12. AMERICAN MUNICIPAL POWER GENERATING STATION PROJECT (Continued)**

The Village has not requested an invoice from AMP for the potential stranded costs identified in the memos AMP sent in November and December of 2011. The Village is not intending to request an invoice from AMP until such time as the litigation with the EPC contractor is finalized.

Had the Village chosen to expense the potential stranded costs, the Village believes it would not have violated its covenant obligations with Ohio Municipal Electric Generation Agency (MEGA) Joint Venture 5/6/2.

In making its determination as to how to proceed with the accounting treatment for the potential AMPGs Project liability, the Village has relied on the Village Solicitor, Baran, Piper, Tarkowsky, Fitzgerald and Thies, information provided by AMP and its legal counsel with respect to the data as well as the Village's audit team, and Village Administration.

The Village intends to pay any potential future costs by a combination of issuing debt and raising rates.

***Perry & Associates***  
Certified Public Accountants, A.C.  
www.perrycpas.com

MARIETTA  
428 Second Street  
Marietta, OH 45750  
(740) 373-0056  
(740) 373-2402 Fax

PARKERSBURG  
1035 Murdoch Avenue  
Parkersburg, WV 26101  
(304) 422-2203  
(304) 428-5587 Fax

ST. CLAIRSVILLE  
121 E Main Street  
St. Clairsville, OH 43950  
(740) 695-1569  
(740) 695-5775 Fax

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

June 18, 2012

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

To the Village Council:

We have audited the financial statements of the **Village of Waynesfield**, Auglaize County, Ohio (the Village) as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated June 18, 2012 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 and has adopted Governmental Accounting Standards Board Statement No. 54. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2011-001 described in the accompanying schedule of findings to be a material weakness.



Village of Waynesfield  
Auglaize County  
Independent Accountants' Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*  
Page 2

### **Compliance and Other Matters**

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

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

Respectfully Submitted,

A handwritten signature in black ink that reads "Perry & Associates CPAs A.C." The signature is written in a cursive, flowing style.

**Perry and Associates**  
Certified Public Accountants, A.C.

**VILLAGE OF WAYNESFIELD  
AUGLAIZE COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
DECEMBER 31, 2011 and 2010**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
--

**FINDING NUMBER 2011-001**

**Material Weakness**

**Financial Reporting**

To assist in the effective management and reporting of financial resources, a village should have procedures in place to help assure that financial activity and funds are correctly reported in the accounting records and financial statements. In 2011 and 2010, the Village's Enterprise Fund had disbursement classification errors of \$20,011 each year, as the result of improperly classifying debt payments. The Village reported \$8,774 of the debt payment as contractual services instead of principal and interest and \$11,237 of the debt payment as interest instead of principal. Also, loan proceeds were recorded as other financing sources in 2011 in the Enterprise Fund. Also, a grant in 2010 was recorded as special assessments rather than intergovernmental revenue in the Capital Projects Fund.

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

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

**Management's Response** – We did not receive a response from officials to this finding.

**VILLAGE OF WAYNESFIELD  
AUGLAIZE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2011 and 2010**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i><b>Explain</b></i>
2009-001	Financial Reporting	No	Partially Corrected; Repeated as part of Finding 2011-001

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# Dave Yost • Auditor of State

VILLAGE OF WAYNESFIELD

AUGLAIZE COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
SEPTEMBER 4, 2012