



bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

VILLAGE OF WAYNESVILLE
WARREN COUNTY

REGULAR AUDIT

For the Years Ended December 31, 2016 and 2015
Fiscal Years Audited Under GAGAS: 2016 and 2015



Dave Yost • Auditor of State

Village Council
Village of Waynesville
1400 Lytle Road
Waynesville, Ohio 45608

We have reviewed the *Independent Auditor's Report* of the Village of Waynesville, Warren County, prepared by BHM CPA Group, Inc., for the audit period January 1, 2015 through December 31, 2016. Based upon this review, we have accepted this report 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.

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 Waynesville is responsible for compliance with these laws and regulations.

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

Dave Yost
Auditor of State

June 7, 2017

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Village of Waynesville
Warren County, Ohio
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Independent Auditor's Report

Village of Waynesville
Warren County
1400 Lytle Road
Waynesville, Ohio 45068

To the Village Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balance, receipts, and disbursements by fund type and related notes of the Village of Waynesville, Warren County, (the Village), as of and for the years ended December 31, 2016 and 2015.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2016 and 2015, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Waynesville, Warren County, as of December 31, 2016 and 2015, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 3, 2017, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standard* in considering the Village's internal control over financial reporting and compliance.



BHM CPA Group, Inc.
Piketon, Ohio
April 3, 2017

**VILLAGE OF WAYNESVILLE
WARREN COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Local Taxes	\$ 94,659	\$ 366,859	\$ 461,518
Municipal Income Tax	428,643	-	428,643
Intergovernmental	21,115	173,759	194,874
Charges for Services	29,407	9,250	38,657
Fines, Licenses, and Permits	141,380	6,758	148,138
Earnings on Investments	11,562	222	11,784
Miscellaneous	22,637	2,338	24,975
	<u>749,403</u>	<u>559,186</u>	<u>1,308,589</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Security of Persons & Property	21,147	359,159	380,306
Public Health Service	1,917	-	1,917
Community Environment	1,422	-	1,422
Transportation	25,531	118,212	143,743
General Government	249,404	13,035	262,439
	<u>299,421</u>	<u>490,406</u>	<u>789,827</u>
Total Cash Disbursements			
<i>Excess of Receipts Over (Under) Disbursements</i>	449,982	68,780	518,762
Other Financing Receipts (Disbursements):			
Insurance Proceeds	-	19,791	19,791
	<u>-</u>	<u>19,791</u>	<u>19,791</u>
Total Other Financing Receipts (Disbursements)			
<i>Net Change in Fund Cash Balances</i>	449,982	88,571	538,553
Fund Cash Balances, January 1	<u>1,049,640</u>	<u>945,726</u>	<u>1,995,366</u>
Restricted	-	1,034,216	1,034,216
Assigned	-	81	81
Unassigned	1,499,622	-	1,499,622
	<u>1,499,622</u>	<u>-</u>	<u>1,499,622</u>
Fund Cash Balances, December 31	<u>\$ 1,499,622</u>	<u>\$ 1,034,297</u>	<u>\$ 2,533,919</u>

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

VILLAGE OF WAYNESVILLE
WARREN COUNTY

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Proprietary Fund Type</u>		<u>Fiduciary Fund Type</u>	Totals (Memorandum Only)
	<u>Enterprise</u>	<u>Internal Service</u>	<u>Agency</u>	
Operating Cash Receipts:				
Charges for Services	\$ 890,897	-	\$ 348,722	\$ 1,239,619
Miscellaneous	8,249	-	-	8,249
Total Operating Cash Receipts	<u>899,146</u>	<u>-</u>	<u>348,722</u>	<u>1,247,868</u>
Operating Cash Disbursements				
Personal services	101,477	-	-	101,477
Fringe benefits	30,649	5,912	-	36,561
Contractual services	393,567	-	373,423	766,990
Supplies and Materials	51,676	-	-	51,676
Total Operating Cash Disbursements	<u>577,369</u>	<u>5,912</u>	<u>373,423</u>	<u>956,704</u>
<i>Operating Income (Loss)</i>	321,777	(5,912)	(24,701)	291,164
Non-Operating Receipts (Disbursements)				
Special Assessments	273,954	-	18,684	292,638
Capital Outlay	(211,526)	-	-	(211,526)
Debt Service:				
Principal	(28,479)	-	-	(28,479)
Interest	(11,629)	-	-	(11,629)
Other Non-operating Receipts	-	-	145,858	145,858
Other Non-operating Disbursements	-	-	(148,816)	(148,816)
Total Non-Operating Receipts (Disbursements)	<u>22,320</u>	<u>-</u>	<u>15,726</u>	<u>38,046</u>
<i>Net Change in Fund Cash Balances</i>	344,097	(5,912)	(8,975)	329,210
Fund Cash Balances, January 1	<u>1,992,451</u>	<u>15,442</u>	<u>49,206</u>	<u>2,057,099</u>
Fund Cash Balances, December 31	<u>\$ 2,336,548</u>	<u>\$ 9,530</u>	<u>\$ 40,231</u>	<u>\$ 2,386,309</u>

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

**VILLAGE OF WAYNESVILLE
WARREN COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Local Taxes	\$ 88,140	\$ 365,194	\$ 453,334
Municipal Income Tax	406,744	-	406,744
Intergovernmental	27,368	200,920	228,288
Charges for Services	4,925	1,938	6,863
Fines, Licenses, and Permits	156,667	7,244	163,911
Earnings on Investments	5,696	1	5,697
Miscellaneous	30,964	1,791	32,755
	<u>720,504</u>	<u>577,088</u>	<u>1,297,592</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Security of Persons & Property	7,213	288,239	295,452
Public Health Service	1,921	-	1,921
Transportation	8,842	107,862	116,704
General Government	254,645	11,685	266,330
	<u>272,621</u>	<u>407,786</u>	<u>680,407</u>
Total Cash Disbursements			
<i>Excess of Receipts Over (Under) Disbursements</i>	447,883	169,302	617,185
Other Financing Receipts (Disbursements):			
Transfers-Out	(23,672)	-	(23,672)
	<u>(23,672)</u>	<u>-</u>	<u>(23,672)</u>
Total Other Financing Receipts (Disbursements)			
<i>Net Change in Fund Cash Balances</i>	424,211	169,302	593,513
Fund Cash Balances, January 1	625,429	776,424	1,401,853
Restricted	-	945,645	945,645
Assigned	-	81	81
Unassigned	1,049,640	-	1,049,640
	<u>1,049,640</u>	<u>-</u>	<u>1,049,640</u>
Fund Cash Balances, December 31	<u>\$ 1,049,640</u>	<u>\$ 945,726</u>	<u>\$ 1,995,366</u>

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

**VILLAGE OF WAYNESVILLE
WARREN COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND BALANCES (CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Proprietary Fund Type</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Internal Service</u>	<u>Agency</u>	
Operating Cash Receipts:				
Charges for Services	\$ 1,412,429	\$ -	\$ 36,490	\$ 1,448,919
Miscellaneous	24,775	-	-	24,775
Total Operating Cash Receipts	<u>1,437,204</u>	<u>-</u>	<u>36,490</u>	<u>1,473,694</u>
Operating Cash Disbursements				
Personal Services	213,931	-	-	213,931
Fringe Benefits	61,859	21,779	-	83,638
Contractual Services	675,352	-	-	675,352
Supplies and Materials	60,781	892	-	61,673
Total Operating Cash Disbursements	<u>1,011,923</u>	<u>22,671</u>	<u>-</u>	<u>1,034,594</u>
<i>Operating Income (Loss)</i>	425,281	(22,671)	36,490	439,100
Non-Operating Receipts (Disbursements)				
Special Assessments	255,839	-	1,484	257,323
Debt Service:				
Principal	(396,561)	-	-	(396,561)
Interest	(85,352)	-	-	(85,352)
Other Financing Sources	-	-	177,574	177,574
Other Financing Uses	<u>(1,438,848)</u>	<u>-</u>	<u>(173,464)</u>	<u>(1,612,312)</u>
Total Non-Operating Receipts (Disbursements)	<u>(1,664,922)</u>	<u>-</u>	<u>5,594</u>	<u>(1,659,328)</u>
<i>Income (Loss) Before Transfers</i>	(1,239,641)	(22,671)	42,084	(1,220,228)
Transfers				
Transfers-In	500,000	23,672	-	523,672
Transfers-Out	<u>(500,000)</u>	<u>-</u>	<u>-</u>	<u>(500,000)</u>
Total Transfers	<u>-</u>	<u>23,672</u>	<u>-</u>	<u>23,672</u>
<i>Net Change in Fund Cash Balances</i>	(1,239,641)	1,001	42,084	(1,196,556)
Fund Cash Balances, January 1	<u>3,232,092</u>	<u>14,441</u>	<u>7,122</u>	<u>3,253,655</u>
Fund Cash Balances, December 31	<u>\$ 1,992,451</u>	<u>\$ 15,442</u>	<u>\$ 49,206</u>	<u>\$ 2,057,099</u>

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

**VILLAGE OF WAYNESVILLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The municipal corporation existing as the Village of Waynesville (Village) was established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio and the Charter of the Village. The Charter of the Village provides for a “Council-Manager Plan” form of government. The powers and functions of the Village are distributed among the Municipality, its citizens, and the various officers, bodies, board and commissioners as provided in the Charter. The legislative powers of the Village are vested in a council of seven members including the mayor. The Village provides general government services, police protection, parks and recreation, street maintenance and repair, water, sewer, and refuse collection services. The Village is provided fire protection by Wayne Township.

The Village participates in the Ohio Plan Risk Management, Inc. (OPRM), a public entity risk pool. Note 8 to the financial statements provides additional information for this entity

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

B. Accounting Basis

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

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 that is restricted as to use. The Village classifies its funds into the following types:

**VILLAGE OF WAYNESVILLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Fund Accounting (continued)

1. General Fund:

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds:

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. 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.

Police Levy Fund – This fund receives property tax revenues to support the operation of the Village of Waynesville Police Department.

Street Levy Fund – This fund receives property tax revenues to support the operation of the general construction, reconstruction, resurfacing and repair of streets, roads and bridges.

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

Trash Pickup Fund – This fund receives charges for services from residents to cover trash service costs

Water Capital Improvement Fund – The water capital improvement fund accounts for the provision of water treatment and distribution to the residents and commercial users served by the Village, and these funds are the primary source used to maintain the infrastructure necessary for the delivery of those services

**VILLAGE OF WAYNESVILLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Internal Service Fund:

This fund accounts for services provided by one department to other departments of the government unit. The village had the following Internal Service Fund:

HRA Administration Fund – This fund receives transfers from the General Fund to Support HRA claims made by employees.

5. Fiduciary Funds:

Fiduciary Funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individual, 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 funds account for Mayor's Court Activity and Sewer Receipts to be remitted to Warren County.

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. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2016 and 2015 budgetary activity appears in Note 3.

**VILLAGE OF WAYNESVILLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Fund Balance

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.

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.

**VILLAGE OF WAYNESVILLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 AND INVESTMENTS

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

	<u>2016</u>	<u>2015</u>
Demand deposits	\$3,416,103	\$3,550,243
Total deposits	<u>3,416,103</u>	<u>3,550,243</u>
STAR Ohio	504,125	502,222
CD's	<u>1,000,000</u>	<u> -</u>
Total Investments	<u>1,504,125</u>	<u> 502,222</u>
Total deposits and investments:	<u>\$4,920,228</u>	<u>\$4,052,465</u>

Deposits: The Village's deposits are insured by the Federal Deposit Insurance Corporation, or collateralized by securities specifically pledged by the financial institution to the Village.

Investments: Investments in STAR Ohio and CD's are not evidenced by securities that exist in physical or book-entry form

**VILLAGE OF WAYNESVILLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2016 and December 31, 2015, was as follows:

2016 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$501,646	\$749,403	\$247,757
Special Revenue	571,882	578,977	7,095
Enterprise	1,098,540	1,173,100	74,560
Internal Service	<u>5,625</u>	<u>0</u>	<u>(5,625)</u>
Total	<u>\$2,177,693</u>	<u>\$2,501,480</u>	<u>\$323,787</u>

2016 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Disbursements</u>	<u>Variance</u>
General	\$459,130	\$299,421	\$159,709
Special Revenue	658,075	490,406	167,669
Enterprise	1,311,134	829,003	482,131
Internal Service	<u>12,377</u>	<u>5,912</u>	<u>6,465</u>
Total	<u>\$2,440,716</u>	<u>\$1,624,741</u>	<u>\$815,974</u>

**VILLAGE OF WAYNESVILLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

3. BUDGETARY ACTIVITY (CONTINUED)

2015 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$527,793	\$720,504	\$192,711
Special Revenue	576,182	577,088	906
Enterprise	2,249,636	2,193,043	(56,593)
Internal Service	<u>20,000</u>	<u>23,672</u>	<u>3,672</u>
Total	<u>\$3,373,611</u>	<u>\$3,514,307</u>	<u>\$140,696</u>

2015 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Disbursements</u>	<u>Variance</u>
General	\$471,900	\$296,293	\$175,607
Special Revenue	619,850	407,786	212,064
Enterprise	3,803,723	3,432,684	371,039
Internal Service	<u>30,000</u>	<u>22,671</u>	<u>7,329</u>
Total	<u>\$4,925,473</u>	<u>\$4,159,434</u>	<u>\$766,039</u>

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 February 1. The second half payment is due the following July 1.

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

**VILLAGE OF WAYNESVILLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

5. LOCAL INCOME TAX

The Village levies a municipal income tax of one percent (1%) 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 Regional Income Tax Agency (RITA), whom the Village contracts to collect income taxes, 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, 2016 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OWDA Loan #3235	\$254,510	6.41%
OWDA Loan #3984	<u>129,242</u>	5.01%
Total	<u>\$383,752</u>	

The Ohio Water Development (OWDA) Loan #2566 relates to wastewater treatment plant improvements required to maintain the system. This loan was transferred to Warren County Sewer and Water as they took over the wastewater system January 1, 2016

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

The Ohio Water Development (OWDA) Loan #3984 relates to well field improvement. The loan will be repaid in semiannual installments of \$7,019, including interest over 20 years. The loan is secured by water receipts and capital improvement receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Public Works Commission (OPWC) Loan #CJ08B relates to wastewater treatment plant improvements required to maintain the system. The loan was transferred to Warren County Sewer and Water as they took over the wastewater system January 1, 2016

The Village's taxing authority collateralized the bonds.

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

**VILLAGE OF WAYNESVILLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

6. DEBT (CONTINUED)

Year Ending December 31:	OWDA #2566*	OWDA #3235	OWDA #3984	OPWC #CJ08B	Total
2016	0	18,827	7,019	0	\$25,846
2017	0	37,665	14,037	0	51,702
2018	0	37,665	14,037	0	51,702
2019	0	37,665	14,037	0	51,702
2020	0	37,665	14,037	0	51,702
2021-2025	0	188,273	70,187	0	258,460
2026-2029	0	0	46,131	0	46,131
Totals	\$0	\$357,760	\$179,485	\$0	\$537,205

*Warren County assume this indebtedness when the Sewer Plant Assets are transferred in January 2016.

7. RETIREMENT SYSTEMS

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

The Ohio Revised Code also prescribes contribution rates. From January 1, 2015 through June 30, 2015, OP&F participants contributed 10% of their wages, for July 1, 2015 through June 30, 2016, OP&F participants contributed 10.75% of their wages, from July 1, 2016 through December 31, 2016, OP&F participants contributed 11.5% of their wages. The Village contributed an amount equal to 19.5% of police participant wages. PERS members contributed 10% of gross wages. The Village contributed an amount equal to 14% of participants' gross wages. The Village has paid all contributions required through December 31, 2016.

8. RISK MANAGEMENT

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as 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.

**VILLAGE OF WAYNESVILLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

8. RISK MANAGEMENT (CONTINUED)

OPRM coverage programs 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 retains 41.5% (effective November 1, 2011) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. The Plan’s property retention remained unchanged from prior years. This change was made to balance the reinsurance market conditions. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 and 783 members as of December 31, 2013 and 2014 respectively.

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 equity at December 31, 2013 and 2014 (the latest information available).

	<u>2013</u>	<u>2014</u>
Assets	\$13,774,304	\$14,830,185
Liabilities	<u>(7,968,395)</u>	<u>(8,942,504)</u>
Members’ Equity	<u>\$5,805,909</u>	<u>\$5,887,681</u>

You can read the complete audited financial statements for OPRM at the Plan’s website, www.ohioplan.org.

9. Risk Pool Management

For 2016, the Village contracted with the Ohio Public Entity Consortium Health Care Cooperative’s (OPEC-HC) joint self-insurance program to provide health care benefits which includes medical, hospitalization, prescription, dental, vision and life coverage. The intent of the OPEC-HC is to achieve the benefit of a reduced premium for the Village by virtue of its grouping and representation with other participants in the OPEC-HC. OPEC-HC contracts with a third party administrator to handle stop loss coverage. The current third party administrator is the Jefferson Health Plan. Monthly premiums for the cost of claims are remitted to the marketing firm, Ohio Insurance Association, who in turn pays the claims on the Village’s behalf. Participation in OPEC-HC is limited to entities that meet the OPEC-HC selection criteria.

**VILLAGE OF WAYNESVILLE
WARREN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 AND 2015**

10. Contingent Liabilities

Village management is not aware of any pending litigation

11. Subsequent Event

During 2015, the Village entered into a contract with the Warren County Water and Sewer Department to take over the Village's Sewer Plant and Operations. Beginning December 1, 2015 and ending December 31, 2015 all sewer monies received by the Village were placed into a newly created Sewer Agency Fund. These monies were remitted to Warren County Water and Sewer in January 2016.

On December 29, 2015 the Village issued a cashier's check made out to the Warren County Treasurer. This check included the remaining fund balances from the Sewer Fund (5201) and Sewer Capital Improvement Fund (5702), totaling \$1,438,848.13. The fund balances of the Sewer Fund and Sewer Capital Improvement Fund at fiscal year-end 2015 were \$0 and \$0, respectively.



**Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Required by *Government Auditing Standards***

Village of Waynesville
Warren County
1400 Lytle Road
Waynesville, Ohio 45068

To the Village Council:

We have audited, in accordance with the auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type the Village of Waynesville, Warren County, (the Village) as of and for the years ended December 31, 2016 and 2015 and the related notes to the financial statements, and have issued our report thereon dated April 3, 2017, wherein we noted the Village followed financial reporting provisions that Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

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 combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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, opining 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*.

Purpose of this Report

This report only describes the scope of our internal control testing and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Handwritten signature in black ink that reads "BHM CPA Group". The letters are cursive and slightly slanted.

BHM CPA Group, Inc.
Piketon, Ohio
April 3, 2017

**VILLAGE OF WAYNESVILLE
WARREN COUNTY**

**Schedule of Prior Audit Findings
December 31, 2016 and 2015**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected; Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2014-001	Material Weakness - Sound financial reporting	Yes	

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Dave Yost • Auditor of State

VILLAGE OF WAYNESVILLE

WARREN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JUNE 20, 2017